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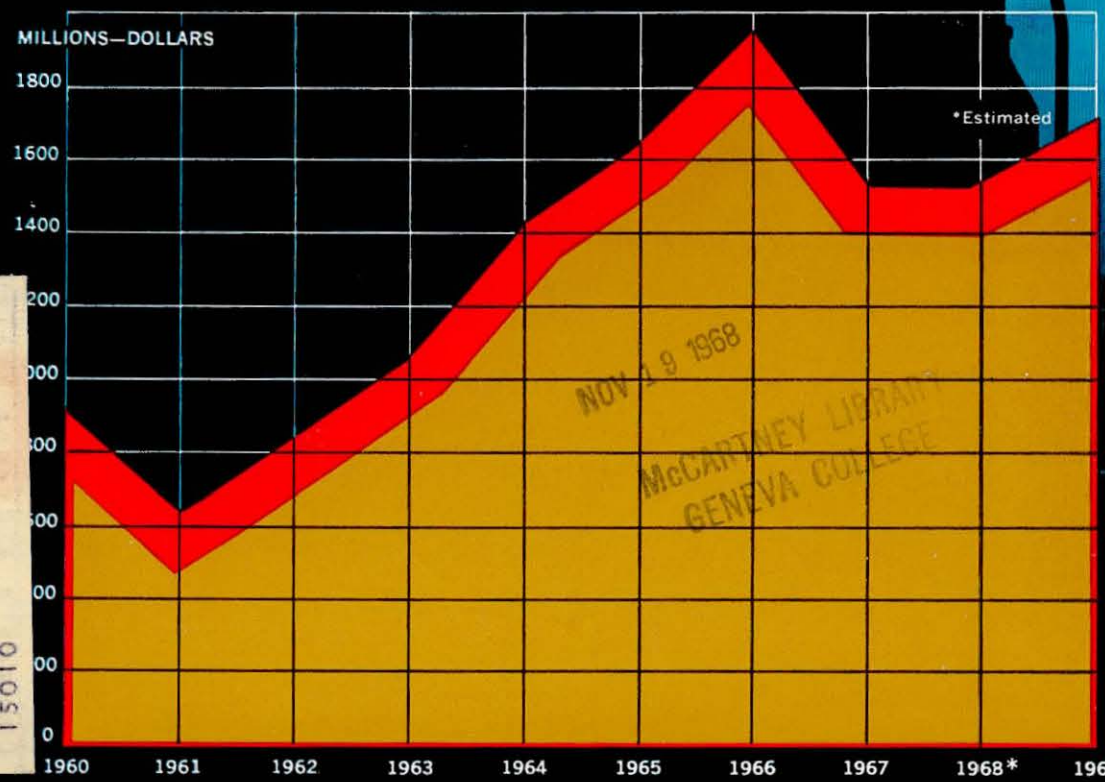
November 18, 1968

RAILWAY AGE

THE TRANSPORTATION WEEKLY

1969: Build-up for capital budgets



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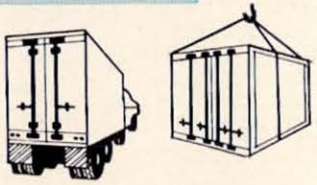

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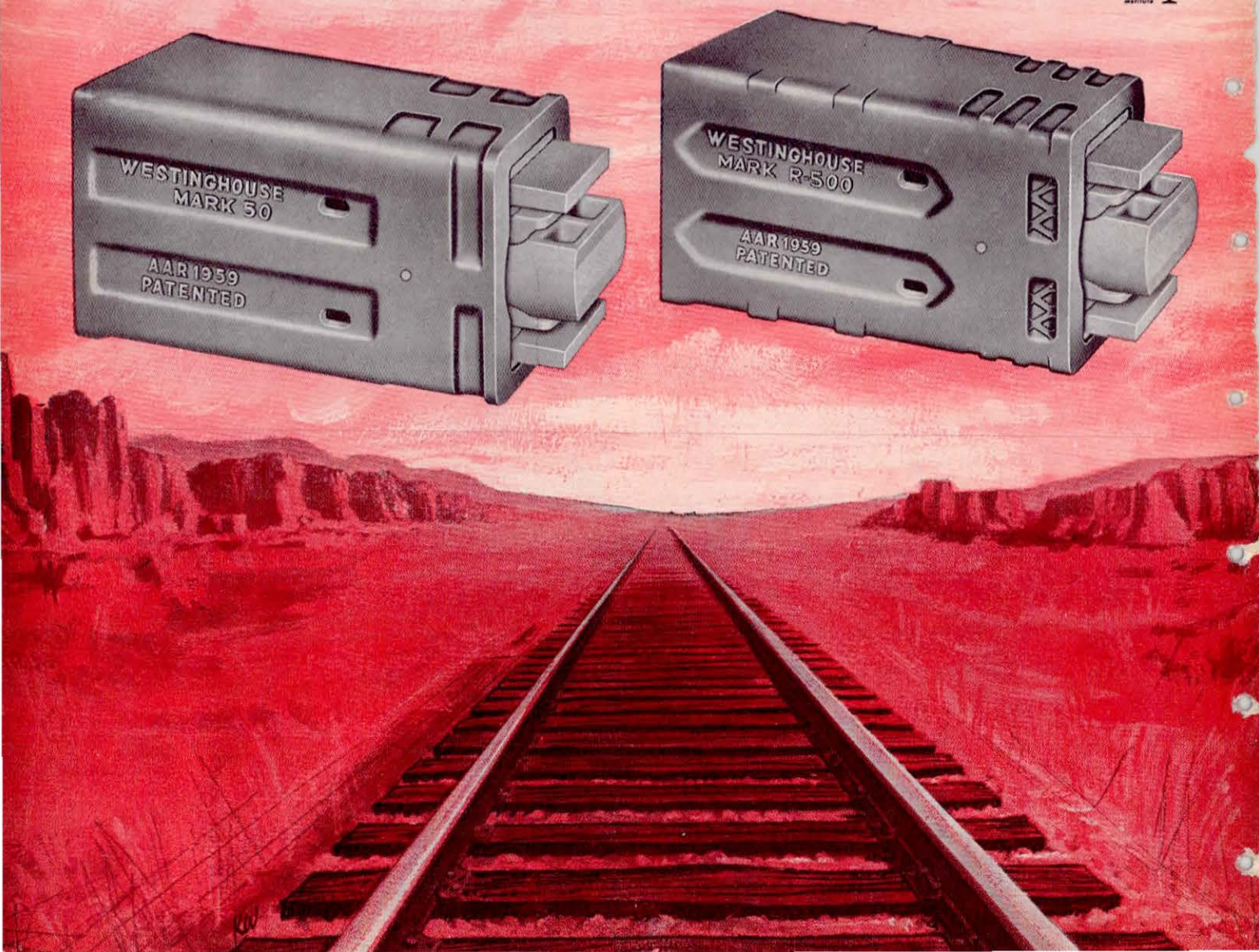

RAILWAY AGE

Nov. 18, 1968 • Vol. 165, No. 20

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A new work measurement and control system may have the answer.

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The answer is a strong "No"—and here are some cogent reasons.

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. . . AND COMING NEXT WEEK

Railway Age of Nov. 25 takes a look at control—the improving control systems which are enabling railroad managements to manage more efficiently. There's a new report on Southern Pacific's TOPS, for Total Operations Processing System. And there's a study of Northern Pacific's newly-implemented TPC, for Terminal Performance Control. Also: Shippers look at intermodal transportation. This issue, like all Freight Traffic Issues of Railway Age, will go to 10,000 industrial traffic managers as well as the regular subscription list.

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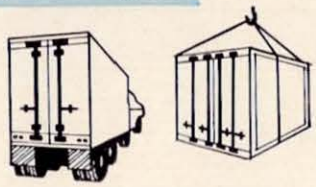

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SHORT AND SIGNIFICANT

B&M Corp. seeks to form holding company

An Interstate Commerce Commission proposal for including the Boston & Maine in the Norfolk & Western System has been postponed until Feb. 15. The Boston & Maine Corp. said its stockholders needed more time to study and vote on a holding company plan that would keep the railroad's assets with the B&M Corp. The name of the new holding company would be Boston & Maine Industries Inc. A prospectus filed with the Securities and Exchange Commission states the new company would issue 1.05 shares of common stock for each share of the B&M Corp.'s common stock and 1.05 of a share of a 5% class A preference stock for one share of Boston & Maine Corp's preferred stock.

Portec, Inc. announces acquisition

Agreement in principle has been reached for the acquisition of Fry & Co., Inc., by Portec, Inc. Fry, based in Canon City, Colo., has two major product lines, a belt conveyor system and a line of vehicles for baggage and material handling at air terminals.

Mileage per hotbox setoff declines again

The number of miles per hotbox setoff between division terminals has declined for the second consecutive month. Miles per hotbox setoff totaled 1,609,558 in June, according to the latest report by the AAR Mechanical Division. That compared with 1,890,532 miles in May and 1,926,957 miles in April. The April figure was the high for the first half of 1968. The all-time high—2,058,957 miles—was achieved in May 1967, the only time the figure has topped 2 million.

Katy Industries planning four new acquisitions

Directors of Katy Industries, Inc., have authorized acquisition of four companies in Louisiana: Berry Brothers Oil Field Service, Inc.; Berry Brothers Industries, Inc.; Berry Brothers General Contractors, Inc.; and Dig-It, Inc. All four organizations provide oil-field services related to drilling and production operations. Acquisition plans call for issuance of approximately 165,000 shares of Katy Industries common stock. With the acquisition announcement came a further comment from KI President Edward A. Merkle, indicating that Industries is also pursuing "several other acquisition possibilities."

H-Hour near for Turbos on Canadian National

Timetables available at Canadian National ticket and sales offices now show Turbo service between Montreal and Toronto. Although it's the second time CN has formally listed the service—the last occasion was in the railroad's previous winter timetable—it appears likely that Turbo soon will be a reality in Canada with a starting date of possibly this month. The inaugural on the New Haven, however, where TurboTrains (as they're known in the U.S.) will be used on the Boston-New York segment of the high speed Northeast Corridor run sponsored by the Department of Transportation, will be a little later. Cab changes to accommodate a fireman had to be made and crew training is still continuing. Nevertheless, both New Haven officials and representatives of United Aircraft Corp., which designed the TurboTrains, are hopeful of starting service before Christmas, if everything goes as planned.

GTW moves ahead with passenger "sales blitz"

There are sit-ins, and laughs-ins, and love-ins — and for Grand Trunk Western, there are rail-ins. GTW, plugging its Chicago-Detroit-Canada passenger service with a midwestern "sales blitz," is holding a series of equipment exhibits in online communities. More than 10,000 people showed up at the first two rail-ins, at Royal Oak and Lansing, Mich. And GTW takes the show to South Bend, Ind., Nov. 18, for a four-day run.

MONDAY MORNING REPORT

PEOPLE—NEW OPPORTUNITY ON RI

Fred Meyer is Rock Island's director of personnel. Cecil Patrick is general chairman of the Joint Council of Dining Car Employees. Together, they have quite a story to tell—a story about opportunity, and a story that gives meaning to the oft-heard declaration that "a railroad's most important asset is its people."

WHAT HAPPENS TO MEN WHOSE JOBS NO LONGER EXIST?

In simplest form, the Meyer/Patrick story is about black people. It gives one encouraging answer to the old question: Where do the cooks and waiters and chair-car attendants go when the passenger trains come off? On Rock Island, a good many of them go into other jobs, responsible jobs, jobs with some future.

THEY GO TO WORK IN BETTER JOBS—BECAUSE THEY WANT TO

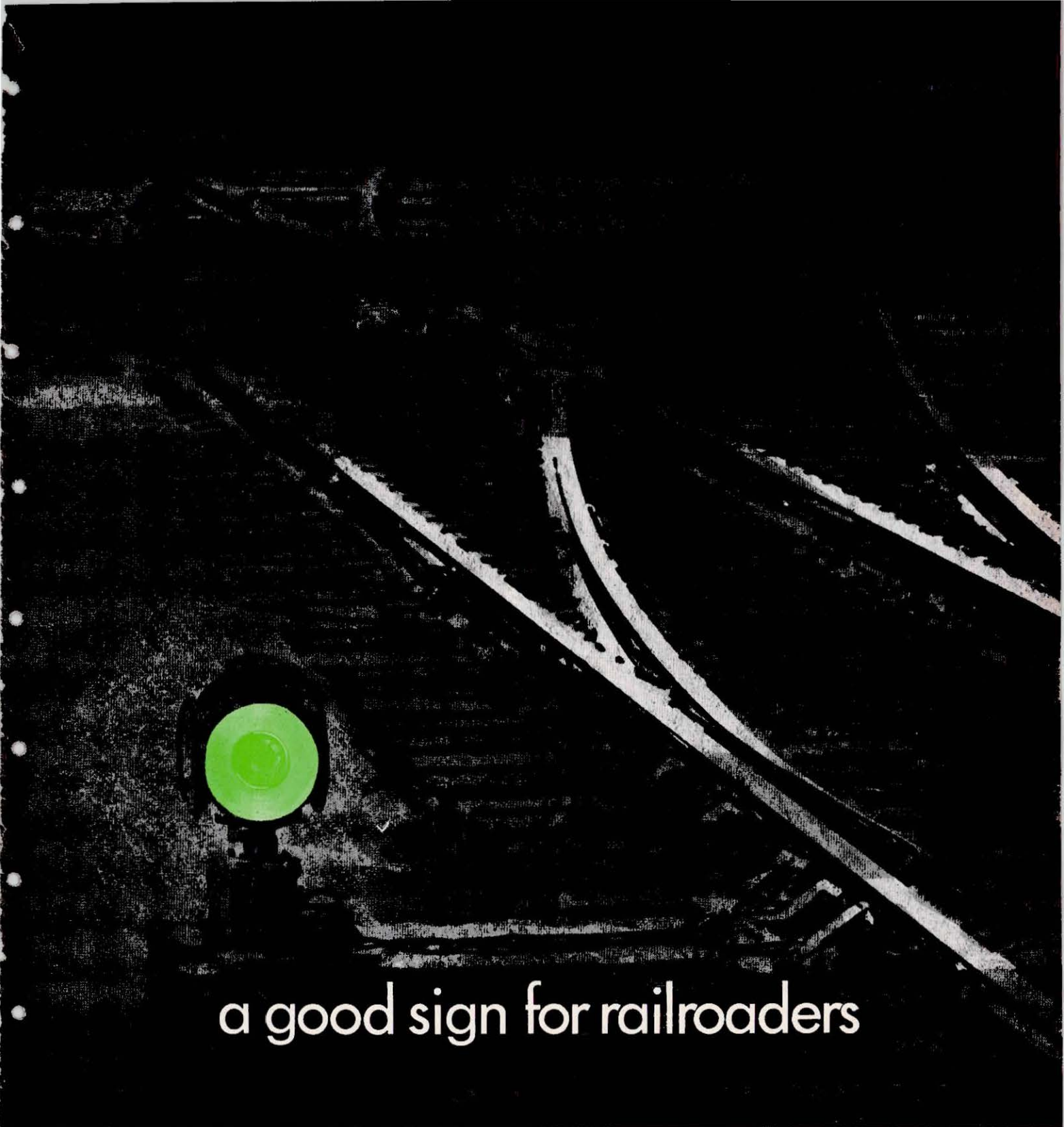
About 35 men—average age 50-plus, average seniority 30 years—have made the switch from what Cecil Patrick refers to as the dish-tub and the tray. Many are now filling clerks' jobs. Several are brakemen. One is a piggyback dispatcher. One is an engineering estimator. All of these men could have worked the front-porch shift—sitting home and collecting job-protection pay. Rock Island and the union worked out a plan—strictly voluntary—under which they could once again be useful, working people. And the plan, Meyer and Patrick agree, is a winner.

A JOINT EFFORT OVERCAME RELUCTANCE AND FEAR

Success, however, didn't come easy. The union had its job-protection agreement, and an RI effort to change it would have been like a declaration of war. But, Patrick recalls, "we said, 'before we go to war, let's go to work.' " And to work they went. Then, there was another problem: Furloughed employees, collecting $5,000, $6,000, $7,000 in protection pay and working an occasional extra-board assignment, were hesitant to buy the deal. Many feared they would wind up as janitors or in other jobs not far removed from the galley. Eugene Hurley, president of Local 849, Hotel and Restaurant Employees and Bartenders International Union, went on fulltime duty to spread the message of what RI and the union were really talking about.

AND MEN ARE USEFUL AGAIN—WITH NEW HOPE

How successful has the plan been? Since their reassignment, several men have won promotions in their departments. Some have transferred to higher-skill, higher-pay jobs in other departments. No one has dropped out. And as Patrick sums it up, "a man has new hope."



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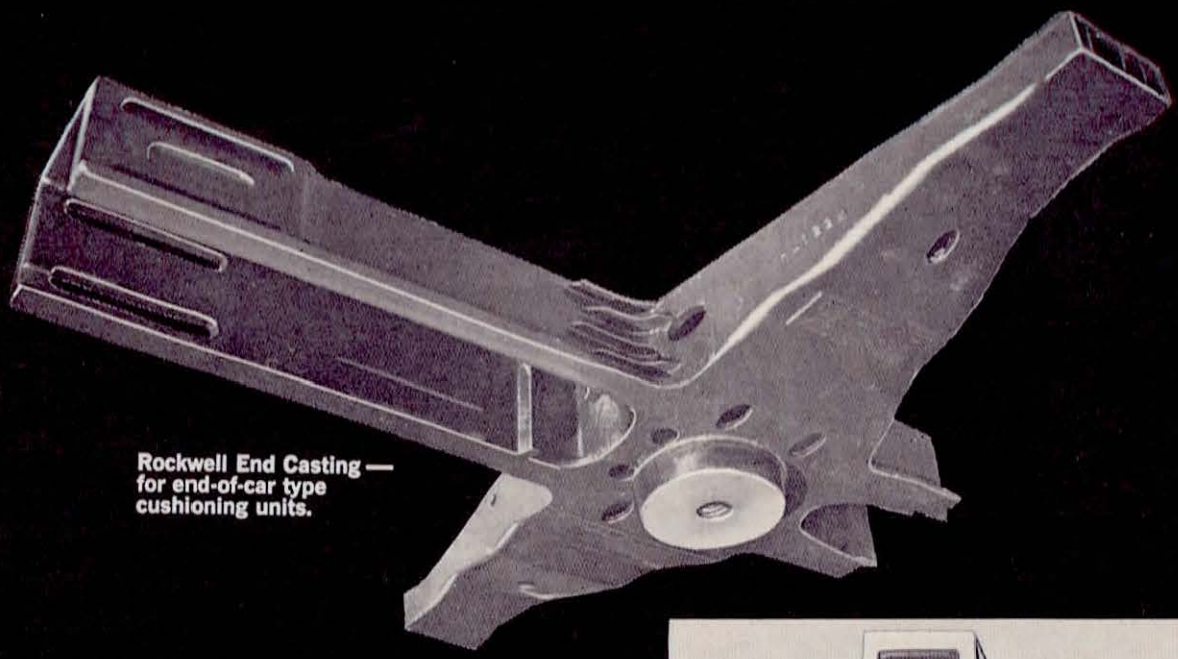

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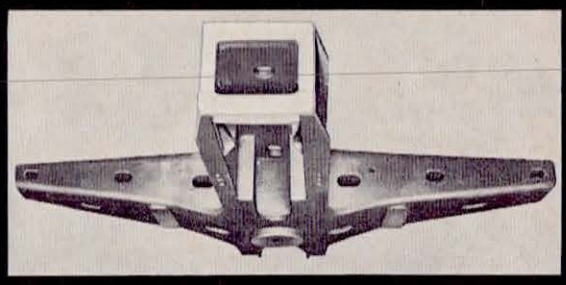

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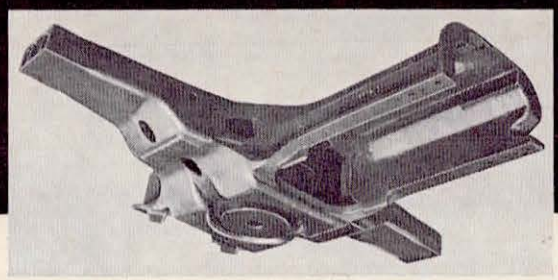

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RAILWAY AGE
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November 18, 1968

WEEK AT A GLANCE

Threat of DOT Corridor pull-out "exaggerated"

Warnings about high-speed trains flew at high speed in Washington last week. It all started with a delayed release of a Nov. 8 letter from DOT Secretary Alan S. Boyd telling Penn Central that DOT will "reconsider" its position in the Northeast Corridor high-speed train tests unless PC gets the Budd Co. and Westinghouse Electric to settle a contract dispute. This letter was prompted by a Sept. 17 inquiry by Senator Gordon Allott (R.-Colo.). Allott took Boyd's reply as an "abdication of DOT's leadership and responsibility." Many newspapers interpreted it as a pull-out threat.

Result: Big, scare headlines. A DOT spokesman called the press reports an "exaggeration." Penn Central commented calmly that it is confident all problems can be solved soon. It's now unlikely, however, that PC's high-speed service will start in '68.

For Santa Fe: A new line, a new unit train

A new kind of unit train may soon be operating over Santa Fe—a 66-car unit train made up of 13,000-gallon tank cars hauling molten sulphur from west Texas to Texas Gulf Coast ports. The roundtrip will be about 1,850 miles, with the train operating on a continuous-turnaround schedule. The molten sulphur will originate at a plant yet-to-be-built by The Duval Corp. Santa Fe and Duval have entered into a contract involving construction of 31 miles of new railroad to reach the plant site. The line will take three months to build.

Supreme Court sends division case back to ICC

Can costs of hauling freight within a territory be used to measure costs of hauling freight between territories? No, the Supreme Court said unanimously last week as it upset a 1965 Interstate Commerce Commission ruling giving Northern railroads an extra $8 million at the expense of Southern roads.

In ordering ICC to review its formula for dividing inter-territory revenues, the Supreme Court upheld a District Court decision that ICC placed too much emphasis on Northern intra-territory costs. The two cannot be equated, the high court said.

"While Southern roads had offered evidence showing the costs of handling North-South traffic in the South, there was not always any such Northern offer; nor did the Commission always exercise its undoubted authority to gather it on its own," the decision of the Supreme Court said.

The lower court had pointed out that intra-territory traffic accounted for nearly 80% of Northern revenues. However, North-South traffic brought only 6% of Northern revenues, but 21.4% of Southern revenues.

ICC was ordered to consider such cost issues as Northern commuter deficits, interchange costs, return rate of empties, switching costs and new-car costs—in addition to using data from Rail Form A, the service cost report filed by railroads with the Commission.

The Supreme Court pointed out that in another division case, the Commission had ruled that "territorial average costs are entitled to little weight in determining the costs of handling particular movements."

"The ruling of the District Court was not that territorial average costs were irrelevant or that Rail Form A was not a usable and useful tool for cost determination, but that territorial average costs could not be used consistently with the statutory requirements for precise and relevant findings without any evidence relating the territorial average cost to North-South traffic," the court said.

The Supreme Court said it agrees with the District Court that there is no substantial evidence to show that territorial average costs are the same as comparative costs incurred in handling north-south traffic. "If we were to reverse the District Court, we would in effect be saying that the expertise of the Commission is so great that when it says that average territorial costs fairly represent the costs of North-South traffic, the controversy is at an end, even though the record does not reveal what the nature of that north-south traffic is."

GUS WELTY

LINES ON LABOR

IN THE BEGINNING, there was a Presidential Railroad Commission. Then there was an emergency board. Then there was arbitration, first at the national level and then at the individual railroad level. Now there is another emergency board. And someday, the crew-consist dispute may be resolved. Maybe.

IT'S POINTLESS to speculate on even recent history—the fact that pleas for an emergency board were ignored for 100 days in the Belt Railway of Chicago strike . . . the fact that the Brotherhood of Railroad Trainmen could have hit Illinois Central in September and Louisville & Nashville in early October, and didn't . . . the fact that the BRT did strike L&N six hours after midnight on Election-Day-plus-1 . . . the fact that an emergency board was almost immediately created.

WHAT'S IMPORTANT is the fact that there is, finally, a board. There is, again, an opportunity for a public airing of the facts. And this time, the evidence can be factual, born of the rich experience which Belt, L&N and IC have had with so-called "short" crews.

SOME MIGHT HAVE WONDERED just a bit at President Johnson's choice of a man to head the board. Msgr. George Higgins is chairman of the Social Action Department of the National Catholic Welfare Conference. Perhaps his name isn't a household word among railroad men. But Msgr. Higgins impressed knowledgeable labor-relations people when he served on a board investigating a dispute with the Order of Railway Conductors & Brakemen. Outside the railroad arena, his record is impressive—and it's dotted with tough cases. He got the buses running again in Washington last year after the drivers, holdup-conscious, refused after-dark runs. He served on a panel in the copper strike, a long and bitter affair.

BOTH SIDES in the crew-consist dispute, as well as the board members, will have a lot to think about as the new study unfolds. There is, of course, the instant problem of crew-size. There is the broader matter of manpower utilization in an industry which desperately needs efficient utilization. Within the framework of the board's investigation, there may also be the opportunity for rail labor to show more than just a determination to roll back time. If you believe that labor *has* to help in building a better future for railroads and their people, watch these hearings closely. And we'll all see what happens.

Emergency board at work on crew-consist

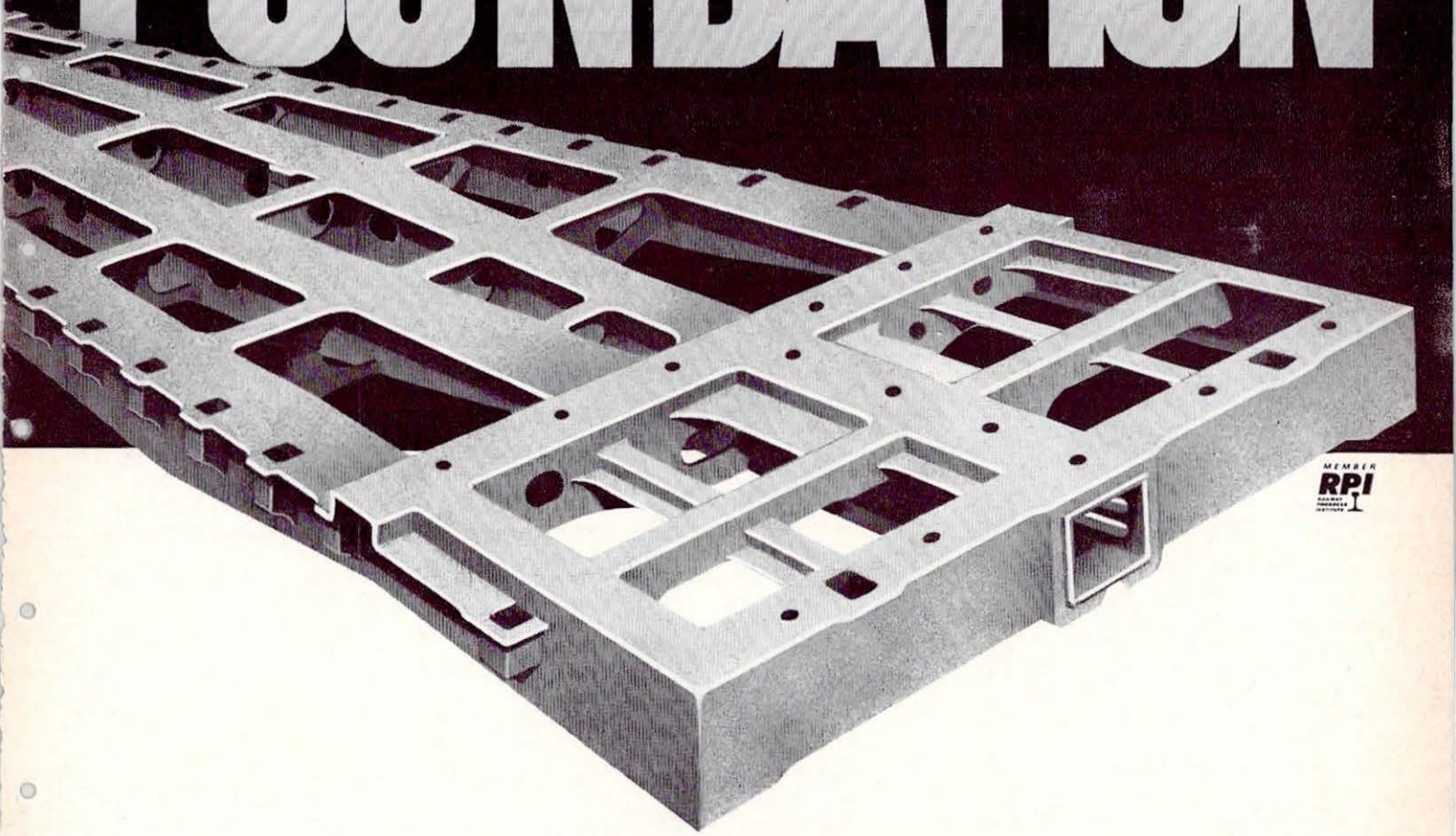
To Msgr. George Higgins, Byron R. Abernethy, and A. Langley Coffey goes the task of investigating and recommending a solution for the crew-consist disputes which have produced strikes against the Belt Railway of Chicago and Louisville & Nashville, as well as a strike threat against Illinois Central. Msgr. Higgins, chairman of the Social Action Department, National Catholic Welfare Conference, will head the President's emergency board. Abernethy and Coffey will sit with him, in hearing the case of the carriers and the case of the Brotherhood of Railroad Trainmen. President Johnson created this emergency board Nov. 6, hours after the BRT struck L&N and 101 days after the union shut down the Belt. The board's work is slated to begin Nov. 18.

Indications last week were that hearings will be relatively informal, with the BRT leading off with its case, and the carriers following. By one estimate, presentations can be made rather quickly, and this part of the work could be wrapped up by Nov. 27.

Under the Railway Labor Act, the Higgins board has 30 days in which to investigate and report. For another 30 days, no move may be made by either the union or the carriers on matters related to the dispute. The intent of the act is that the process should produce a settlement between the parties. This doesn't always happen—as, for instance, in the Rosenman board's consideration of crew-consist and the over-all work-rules dispute in 1963. Lack of agreement at that time produced Congressional intervention, and the ad hoc compulsory arbitration solutions arrived at by Arbitration Board 282 and, for crew-consist, by individual boards on a railroad-by-railroad basis. Arbitration decisions generally favored the carriers' position, and resulted in the trimming of hundreds of crews to a one-conductor/one-brakeman consist.

The BRT, lately bolstered by a Supreme Court decision putting consist negotiations on a local basis, has fought back consistently, to the point where a handful of roads are holding the line. The Belt, L&N and IC are three; Chicago & North Western, Kansas City Southern and Richmond, Fredericksburg & Potomac round out the list. The union had been free to strike either IC or L&N for more than a month, but it took no action until Nov. 6, although it had hit the Belt July 29 over the same issues.

THE SOLID FOUNDATION



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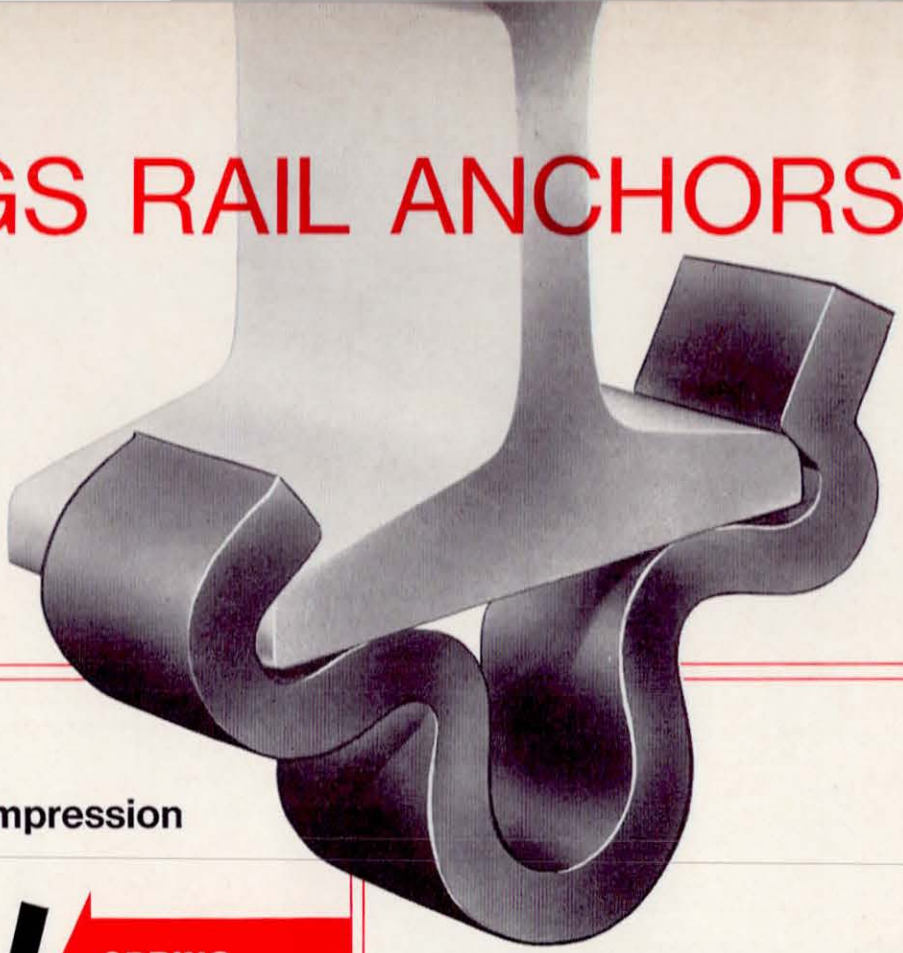

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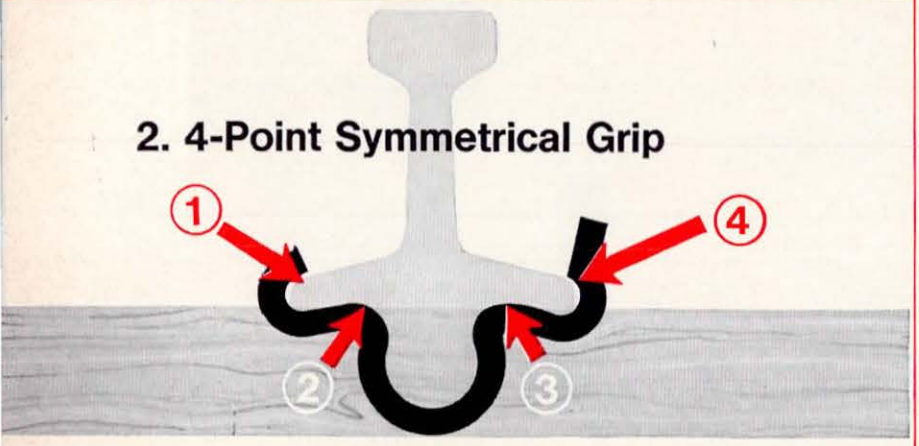

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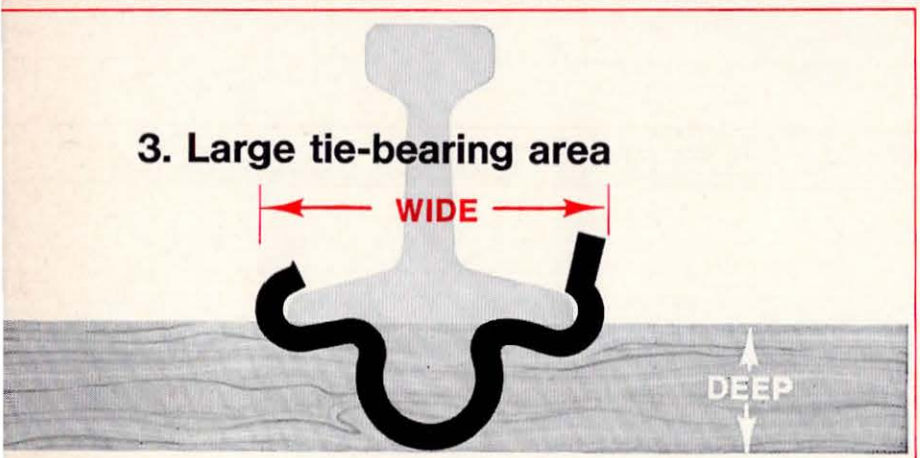

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Circle 8 on coupon page 46

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EVEN without the guns pointed at him, our railroad friend's task of "walking the train" to find a hot journal box was not an enviable one. It certainly would have been simpler and quicker if he did have our new SERVOLARM® Trackside Hot Box Visual Display System.

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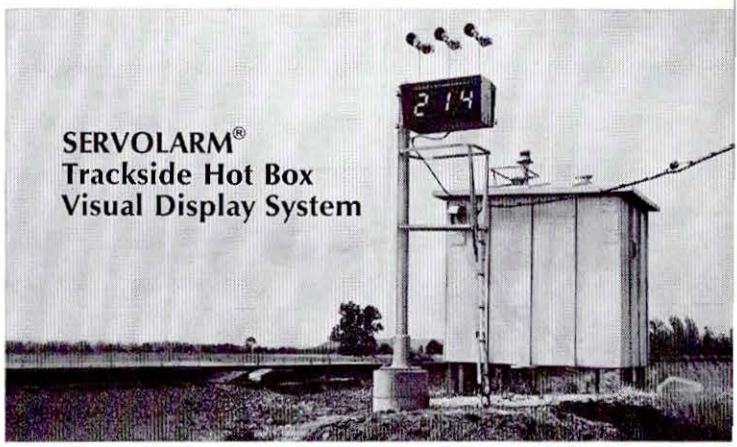

Bi-directional display board presents digital readout, showing axle count location of hot journal box. If no hot boxes are detected, display board reads "000". Flashing signal lamps on top indicate presence of hot box.

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Circle 9 on coupon page 40

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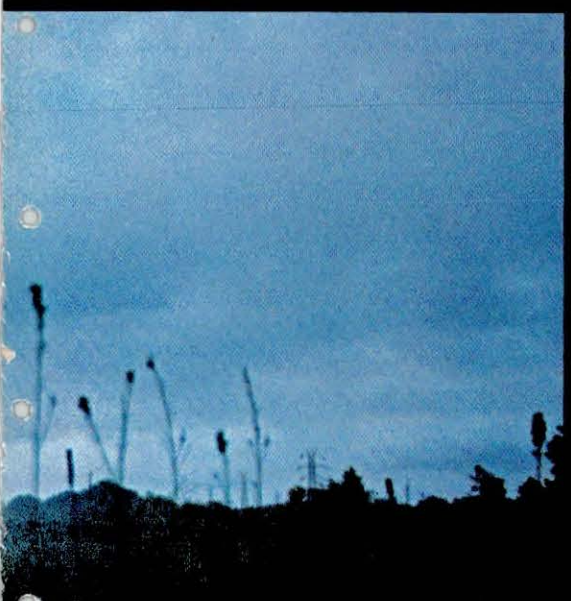

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Sometimes it's our fault. Sometimes it's your fault. And, sometimes it's nobody's fault. That's why every industry has warranties.

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Pullman-Standard's good name has a hundred year history. But this assurance of quality is more than reputation. Nowhere is it more tangible than in our Sales and Service engineers, who often call on you before you have to call on them.

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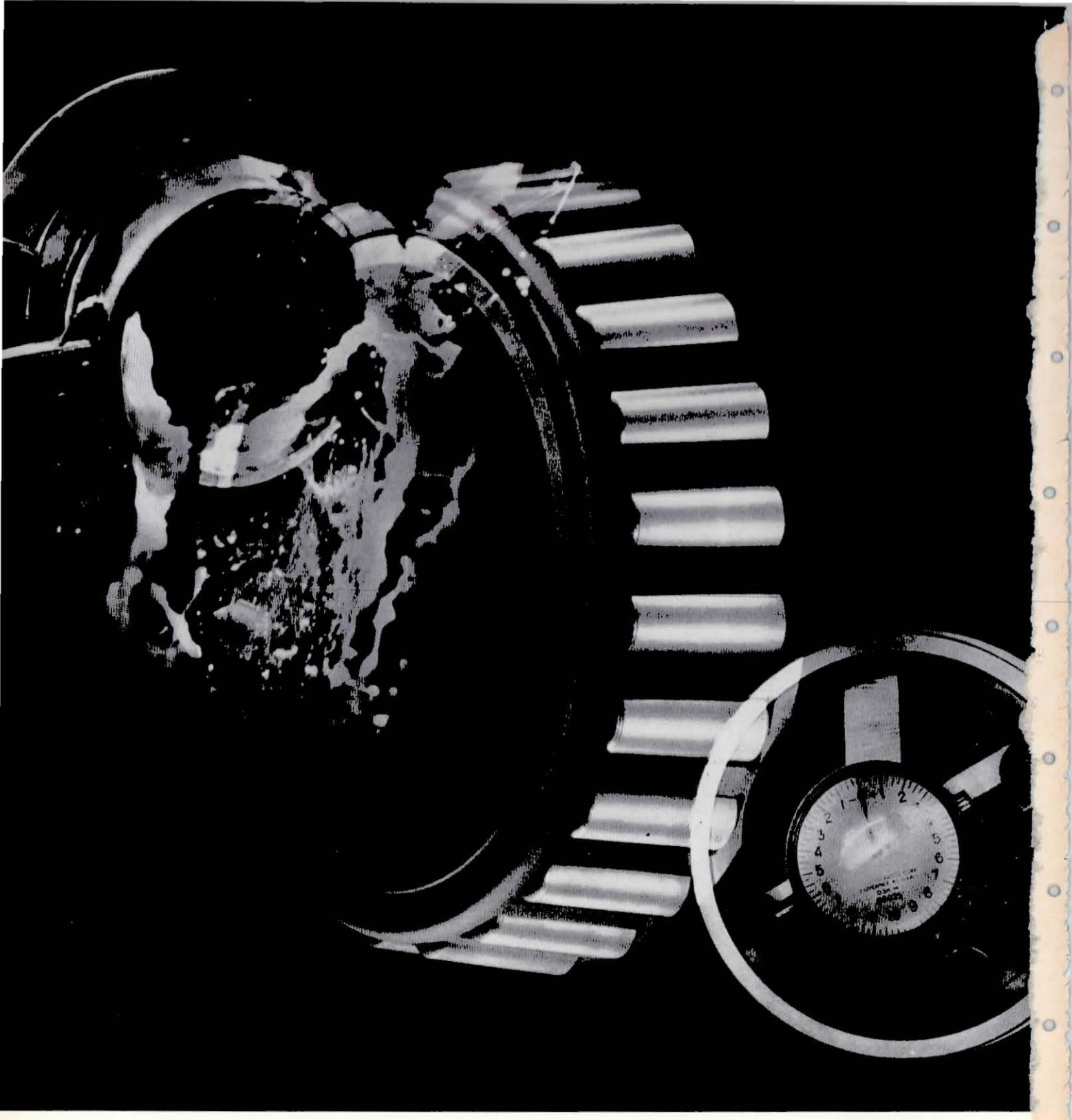

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ITEM	1. BOXCARS	2. COVERED GONDOLAS	3. FLATCARS	4. JUMBO GONDOLAS	5. REGULAR GONDOLAS
Inside Length	60'0"	52'6"	53'6"—75'0"	65'6"	52'6" Min.
Inside Width	Maximum Obtainable at 60'0"	9'6"	Max. Width Permitted by Plate "B"	9' Min.	9'6" Min.
Inside Height	Door Height 10'9"	60"		66"	48"
Height Floor Above Rail	46"—48"	40"—44"	42"—44"	40"—44"	40"—44"
Capacity	100 Ton	100 Ton	70 Ton 100 Ton	70 Ton	100 Ton
Floors	Heavy-Duty Wood; Nailable Steel; or Composite	Heavy-Duty Wood; Nailable Steel; or Composite	Heavy-Duty Wood or Steel	Heavy-Duty Wood; Nailable Steel; or Composite	Heavy-Duty Wood; Nailable Steel; or Composite
Ends	Reinforced — With Smooth Wood Face	Reinforced — With Smooth Wood Face		Drop Ends	Drop Ends
Cushioning Requirements	Sliding Sill and End of Car Cushioning	Cushioning	Cushioning—53'6" Cushioning—75'0"	Sliding Sill and End of Car Cushioning	Cushioning
High-Capacity Cushioning Device Equivalent to 18" Minimum Travel Sliding Sill Unit as Recommended in AAR Test Report MR-443. Also Must Satisfy Current AAR Specification M-921.					
Blocking Devices	Heavy-Duty Bulkheads (1 Piece)—Operable by One Man, 4 Per Car & Capable of Restraining 40,000# to a Height 4' Above Floor and Along Vertical Center Line of Bulkhead — or DF Cross-members of Equivalent Capacity	Equipped with four Steel or Wood-faced Bulkheads	Bulkheads	Floor Bearing Pieces and Side Uprights	None
Door — Width	16'				
Door — Height	10'				
Stake Pocket Spacing			Along Side—4'0" Max. Along End—4 Pockets		
Trucks	Must be Equipped with Device to Dampen Vertical Ascillation				

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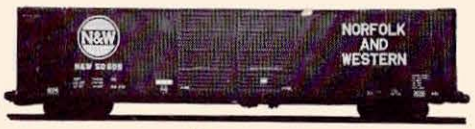

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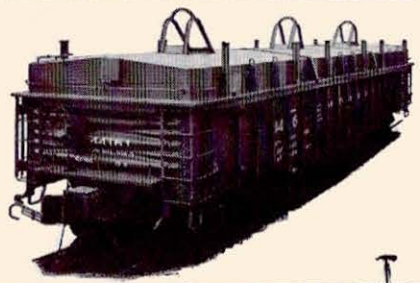

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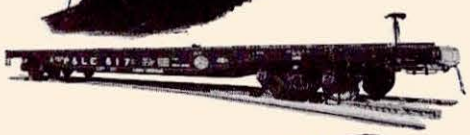

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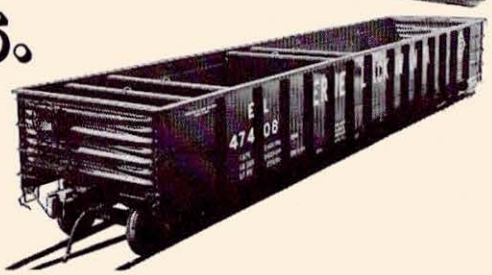

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The steel industry's products continue to change. As a result they see a need for more efficient cars. Greenville has been building the kinds of cars steel shippers want. Many have been in service for long periods of time. They're proven designs. If you're ready to talk about your needs, talk to Greenville. We're ready to start building.

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Now, there is a year-round flow of taconite pellets to the bustling port of Superior, Wisconsin. 15,000 tons of pellets per train. Destined for the steel furnaces of America.

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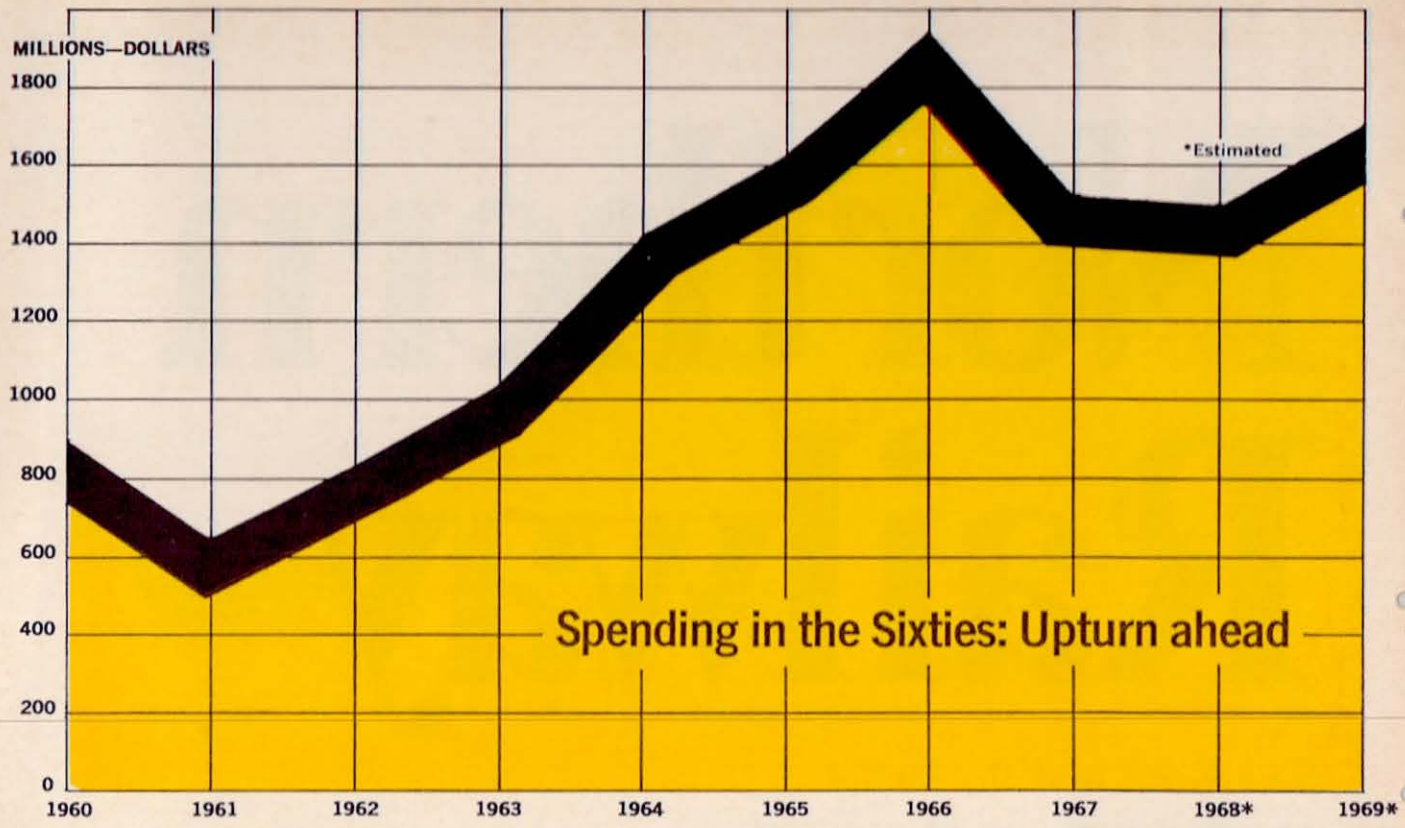


1969:

BUDGET-PLANNING: ALL SIGNS POINT UPWARD

Caution flags are flying everywhere—but right now, taking a lot of "ifs" into consideration, it looks as if railroad capital budgets are on the way up. Next year could be the second best ever.

By **GUS WELTY,** Senior Editor

Railroad men are playing 1969 close to the vest.

At the moment, they're holding a hot hand. But there are just enough unknown factors in circulation to justify a poker-faced approach to the new year.

On the positive side, it's true that railroads may in '68 set all-time records for production, measured in ton-miles. It's true that new records will be set in such specific areas as TOFC/COFC and automobile traffic. It's true that equipment-ordering has picked up sharply in the past eight to 10 weeks. It's true that several roads—among them such leaders as Union Pacific and Norfolk & Western—are planning '69 improvement programs which will substantially surpass what they did in '68.

On the negative side, however, there are certain offsetting truths, the biggest of which concern labor costs and labor unrest.

- **Questions for '69.** Then, there are the unknowns—and they make up a long, perplexing list:

—What changes, if any, can be expected from a new Administration in Washington, with one major party in power at the White House and the other on Capitol Hill?

—What final decision will come out of the ICC in Ex Parte 259, the freight-rate case?

—Will investment funds become more readily available, at a reasonable price?

—Will the war in Vietnam end and, if it does, what will be the effects on the economy generally and on transportation demand specifically?

—How about merger movement? Will '69 in fact bring action toward clarifying now-tangled situations in both the East and the West?

—Can the industry improve its internal operations to permit a fully-united approach to problems which demand action-in-concert? Will the industry-wide drive to make ACI and T.R.A.I.N.

operational give a boost, subtle or otherwise, to efforts to improve coordination on a wide range of operational problems?

This by no means exhausts the list of imponderables. But it does give some idea of the factors which have to be weighed as top railroad officers try to gauge how far and how fast they can move toward the improvement programs they know should be undertaken.

● **Spending upturn likely.** This much can be said: Next year could—repeat, could—see a sharp upturn in new investment for both plant and equipment. Without much stretching, '69 capital spending can be pegged in the $1.7-billion range, up from an estimated $1.5 billion this year and second only to the $1.9-billion-plus level reached in 1966 under somewhat artificial circumstances.

At the same time, operating budgets will not shrink. Equipment maintenance and upgrading may get a substantial boost.

The market impact of all this could be substantial, to an equipment-and-supply industry somewhat weakened—in numbers, at least—by lack of nourishment. At this point, it appears that the railroads' tab for '69, including capital spending and operating purchases, may be plus-or-minus $3.4 billion.

All projections, of course, reflect bookkeeping charges, as to what goes into one year and what goes into the next. Projections also reflect the fact that more roads than usual have done their budgeting later than usual. Finally, these estimates may mirror price-structure changes, with early-buyers quite possibly getting a certain advantage in cost as well as in delivery.

There's no better illustration than Frisco, of the one-year-vs-another nature of bookkeeping. Capital expenditures for both 1968 and '69 were projected at $22 million. But Frisco ordered fast and will get fast delivery on part of the equipment programmed for next year. The result: Totals will show 1968, $27 million; 1969, $18 million.

● **Why wait?** Budgeting delays are also common, and possible reasons are readily imagined: (1) The freight-rate case is pending, and there's been an understandable desire to develop better revenue projections before final budgets, capital or operating, are prepared and approved; (2) there was the prospect of a certain political upheaval to be measured, and while the upheaval wasn't so great as projected, a change still will be made; (3) traffic estimates have required more-than-usual refinement, for '69 and even for second-half '68, with this year's measurements somewhat upset by the buildup/letdown situation in the steel industry; and (4) railroads, along with the business community generally, have become more wary than ever before about anything which could be labeled, by the remotest chance, as a "premature disclosure."

● **How spending shapes up.** Even with all these problems, however, certain fairly firm judgments can be made:

—In the upper echelons, among those roads which have been topping or flirting with $100 million a year in capital expenditures, total expenditures will probably increase markedly. UP and N&W have already set certain figures. For equipment and motive power alone, UP is budgeting $105 million. As President Edd H. Bailey points out, that "does not cover additional specialized equipment which may be required to meet special needs during the year. This capital expenditure will be very substantially greater than in 1968. With respect to road or fixed-property improvements, these will amount to some $20 million this year—and we expect this to show an increase in 1969, although our budget has not yet been firmly established." Increases will also come from N&W. The capital-improvement program is now set at $110 million, President Herman H. Pevler says, "substantially higher than in 1968." At Southern, President W. Graham Claytor, Jr., estimates capital spending in the $90-million range, roughly on the scale of the '68 program. Other improvement-leaders—including Penn Central, Southern Pacific, Santa Fe and Chesapeake & Ohio/Baltimore & Ohio—haven't yet put the final approval-stamp on '69 improvements. But observers are expecting no letdown, when figures do become available.

—A good number of roads see '69 expenditures staying about even with '68 spending, and only a couple are budgeting for reductions. Frisco could be placed with the "even" group. Northern Pacific is forecasting a 4% spending increase, from about $32.4 million this year to more than $33.7 million in 1969. Burlington looks for next year's equipment program to involve expenditures "slightly in excess" of the $22.1 million on the books for '68. Milwaukee and Western Maryland are in the "same-as-this-year" group.

—A few companies are planning sharp percentage increases in spending. For Reading, the projected increase will be 100%, from $10 million to $20 million; for Western Pacific, the increase-rate will be just a bit less steep, about 75%, on a budget calling for $9.7 million in improvement-spending, compared with $5.5 million this year. Reading, President C. E. Bertrand notes, wasn't in the new-locomotive market this year, but it will be spending $2 million for power in '69. The investment in new rolling stock will be doubled, from $6 million to $12 million. And fixed-plant expenditures will be boosted from $4 million to $6 million. On Western Pacific, President M. M. Christy says, equipment spending will be more than doubled, from $2.4 million to $5.5 million next year, and property-improvement expenditures will climb from $3.1 million to $4.2 million.

● **Room for movement.** Within certain limits, it should be understood, there's room for maneuvering—as this year's capital-spending "estimates" clearly indicate. As of last January, the most pessimistic observers thought '68 spending could dip as much as 25% from 1967 levels, which would put the '68 total at less than $1.2 billion. Later in January, Railway Age rough-charted capital-improvement expenditures at about $1.5 billion.

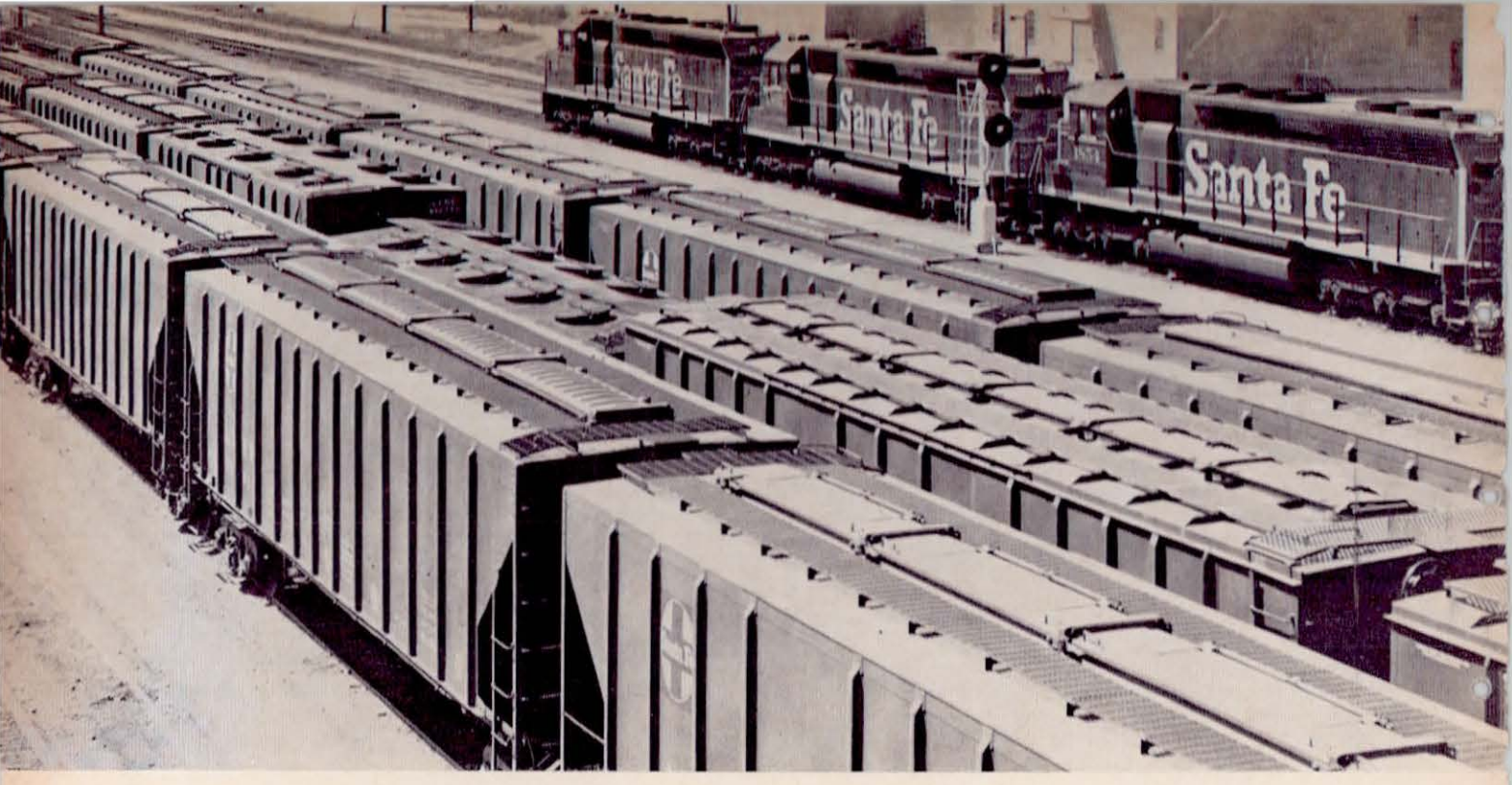
As the months passed, various surveys and reports were issued. In March, a U.S. Department of Commerce/Securities and Exchange Commission estimate pegged spending at $1.27 billion. A McGraw-Hill survey a short time later put the figure at $1.35 billion. The next USDC/SEC report cited a new figure, $1.44 billion. And, while AAR estimates in recent weeks have hovered around $1.3 billion, the most recent USDC/SEC projection uses a $1.52 billion figure—not much of a change from 1967 or from the RA-charted January total.

All this may not prove much—except perhaps that polling on such volatile subjects is a dangerous business, and dispassionate estimates have to be made up of several ingredients: The survey itself, a modicum of informed-background projection, and some luck.

● **Editors' consensus.** With these factors in mind, Railway Age editors have tried to come up with a deep-seeking 1969 study—based on the views of top people in all areas of improvement-planning. The over-all RA survey of chief executive officers points to a step-up in 1969's programs—and it will have its effects across-the-board.

Car-acquisitions are closely related to traffic demands—and, Mechanical Editor F. N. Houser, Jr., points out, "miscellaneous traffic is now running at the level of 1966. If steel shipments continue to grow, shortages of cars now developing will spread to the steel centers. As an officer of one of the big steel companies recently said, 'You must be prepared to service customers in peak periods—or they leave you, and they don't come back.'"

Several inferences can be drawn. One is that "with car shortages develop-



THE RAILROAD FREIGHT-CAR MARKET
should firm up and start moving again in '69. Orders began showing greater strength in August-September.

ing, railroads will be stepping up programs to repair and upgrade cars which have been out of service. So, there should be substantial maintenance expenditures." Further, Houser notes, with traffic up, equipment moves—and "anytime you have car and locomotive miles high, you also have heavy spending for the consumable items, wheels, bearings, lubricating oil and so forth."

• **Car, power markets firming.** As for the new-car market, RA's mechanical editor sees signs of an optimistic sort "which even a professional pessimist couldn't conceal." One key comment which might be cited: ACF President Henry A. Correa's forecast that August-October carbuilder bookings would run double year-earlier figures, and his up-looking assessment of the market based on car bids which started going out in August.

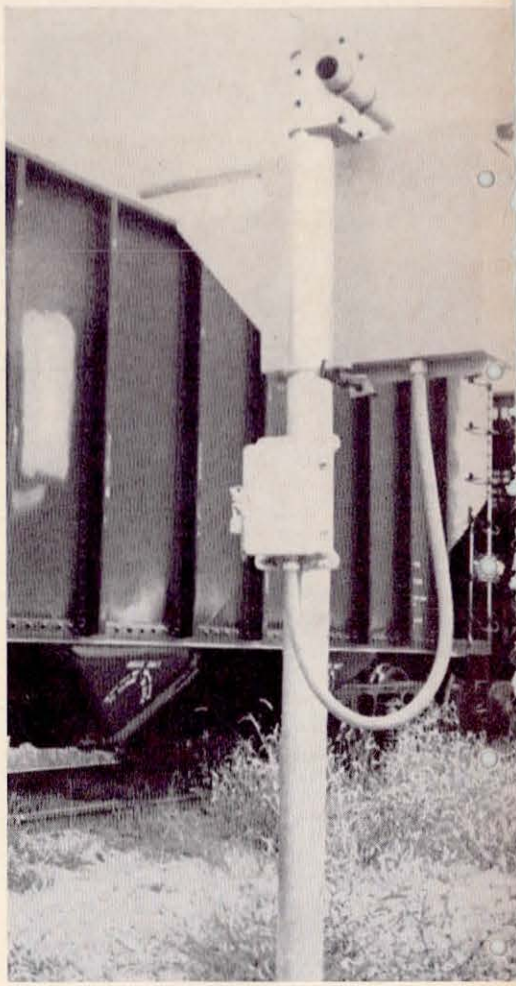
Things look much the same over on the motive-power side. Announced orders during the third quarter of '68, Houser notes, topped 300 units. And the need is there: "On one morning not too long ago, one major road was reported to be holding 25 trains in yards—for lack of power."

Expenditures in the fixed-plant area have been the subject of some speculation. Relatively speaking, they've held up well, as total spending has fluctuated this year and last. Next year? RA's engineering editor, Merwin H. Dick, finds this prospect: "Over-all, maintenance of-way programs will be moving up a notch or two in '69. Hardly any road is planning to scale-down any of its M/W activities. On the other hand, there are many roads on which plans are being made to step up work in one or more categories—tie and rail renewals, surfacing and ballasting. In some cases, these increases will be substantial —and they'll be following on the heels of 1968 programs which were in fact higher than the levels set in '67."

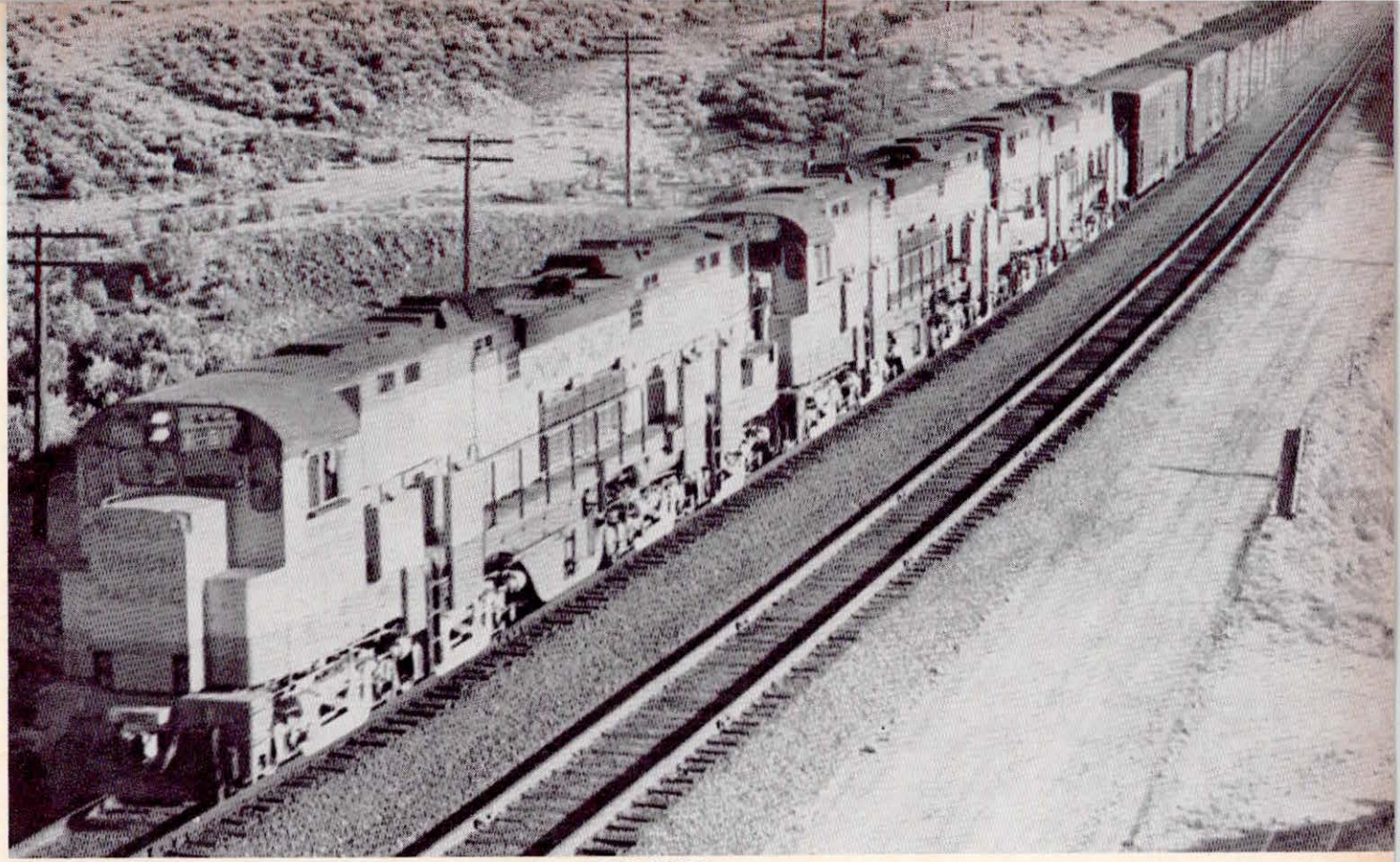
• **Atmosphere 'more favorable.'** Why are these increases coming up? There's no single reason, Dick says. But "engineering officers are perhaps plugging a bit harder than usual for the needs of their properties, as they see them—and in general they're finding that these efforts are taking place in a more favorable atmosphere than may have prevailed for a long time. In these efforts, engineering people have several things going for them. One is the improved state of railroad business, and that's expected to carry over into next year. Another, frankly, is the pounding that track is taking from the heavier tonnages being carried and the higher wheel loads being imposed by high-capacity cars. And there's this factor, which seems to be growing in significance: Some of the new types of cars being handled require what several engineers call 'nearly perfect' track."

Where will the fixed-plant emphasis be? This varies from road to road, depending on local conditions—and, to an extent, on what aspects have had past emphasis or de-emphasis. Dick cites typical examples—a road which went heavily into tie renewal this year and has a major rail-renewal programmed for '69; and another road which has a problem in track underpinnings which demands a step-up in tie renewals.

A few roads, it's indicated, are trying



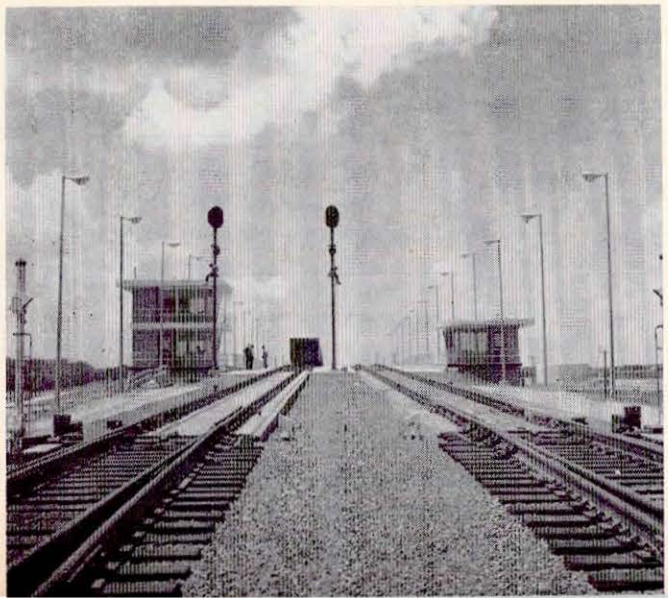
BIGGEST SINGLE JOB
of '69 for railroads will be the striping/scanning job—getting ready for the 1970 start-up of industry-wide ACI.



"MOST POWERFUL" TITLE AMONG U.S. DIESEL-ELECTRICS

has been held by these 5,500-hp Alco units on UP. New title will go to 6,600-hp EMD units UP is getting next April.

How railroads may spend some $3.4 billion



FIXED-PLANT SPENDING

will continue strong next year, with emphasis on both terminal and line projects. New yards will be built and M/W programs will be stepped up throughout the country.

"Railroads will step up programs to repair and upgrade cars in 1969 . . . As for the new-car market, there are signs of an optimistic sort . . . and things look much the same over on the motive-power side . . . The need for new cars and locomotives is there."

F. N. HOUSER
Mechanical Editor

"Over-all, maintenance-of-way programs will be moving up a notch or two in 1969 . . . In some cases these increases will be substantial—and they'll be following on the heels of 1968 programs which were in fact higher than the levels set in 1967."

M. H. DICK
Engineering Editor

"For communications and signal hardware alone railroad and transit spending next year will be in the range of $100 million to $120 million . . . A big push will come from the activity related to providing facilities for automatic car identification."

ROBERT W. McKNIGHT
S&C Editor

to get by on a rather meager diet of maintenance materials and maintenance work—and their top engineering officers, expressing concern, can just hope that the philosophy of Southern Vice President-Operations W. H. Moore prevails more generally: "American railroads must increase their spending on track maintenance."

● **The impact of ACI.** One area where there's a guarantee of hypo'd activity in 1969 is the area surveyed by Signal and Communications Editor Robert W. McKnight—and this guarantee is flatout related to New Year's Day, 1970, the day an industry-wide ACI system is scheduled to come into being.

For communications hardware alone, railroad (and transit) spending next year will be in the range of $55 million to $60 million, and even a figure of $75 million "would not be out of line, because of the increased tempo of activity related to providing facilities for ACI."

Automatic car identification and the increased AT&T Telpak bulk communications rates effective Sept. 1, McKnight says, are the big factors in the expansion of rail communications networks—and the rate situation should not be under-estimated: One major road "has really been jarred by this, and it's now taking a serious look at the possibility of constructing its own microwave system."

Across the nation now, Northern Pacific is coming on-stream with system-wide microwave. Such roads as Southern Pacific and Santa Fe are adding to extensive present networks; such roads as Illinois Central, Louisville & Nashville and Gulf, Mobile & Ohio are, or will be, building new systems.

● **Line, terminal plans set.** On the signal-equipment side, '69 should see expenditures of $45 million and up. Improvements in CTC and other signal systems will be one factor, as a number of roads move to improve capability for handling faster and more frequent train operations. An equally significant aspect, however, is the money being poured into terminal improvements. UP, N&W and Penn Central have put major new yards in service this year. Next year, Santa Fe and Burlington will be holding openings. Missouri Pacific/Texas & Pacific is working on a yard project in Texas, and another two to four major class yards may go into construction in '69.

Will all these broad-based improvement plans that look so good today look equally good on Dec. 31, 1969? They will—assuming that prophecies of a recession, made by a minority of economists, fall flat. Today's plans could even be built upon.

Revenue forecasts for next year are remarkably similar. The range: 3% to 5%, on the upside. That's not enough to promote victory parties in railroad board rooms. But it's a start, and a combination of increased tranportation demand plus final rate-increase action will quite likely give revenues a greater-than-forecast boost.

● **How much is possible?** A couple of questions come up: First, even with higher revenues in prospect, how much improvement can be afforded? Second, with upturn or downturn, how much flexibility can be built in?

An officer of one Midwestern road talks about the budgeting problem: "You know," he reflects, "we've spent an awful lot of money in the past several years. The proposals are coming in now, for '69. And it's a battle. Everybody wants to keep on stepping it up. But how long can you go on, the way we've been going on?"

Gulf, Mobile & Ohio President Glen P. Brock adds a grim footnote, in an area that's deeply concerning every chief executive. GM&O is looking for a revenue increase of about 3.5%, or $3 million. But the increase, Brock says, "would just about equal our anticipated wage increases in 1969." About the only advantage, as one top railroad officer puts it, is that next year's wage-cost boosts are a known quantity, in large part. What isn't known is the final effect of the work-rules battles still raging.

HIGHER RATE OF RETURN WOULD INCREASE BUYING

And what can't be known for sure is the capability for offsetting labor-cost increases with manpower reductions.

● **Keeping it flexible.** Where, then, is the flexibility in budgeting? And how much flexibility is there? There are as many answers, almost, as there are people to ask. Here's a sampling:

—From C&O/B&O President Gregory S. DeVine: "C&O/B&O budgets, as always, will be quite flexible. This allows us, within certain limits, to make changes dictated by economic trends, levels of activity and plans of our customers."

—From Frisco President Jack E. Gilliland: "In the context of revenue/-expense comparisons, there is very little flexibility built into capital-improvement budgets; however, operating budgets are more flexible, depending upon our volume of business."

—From NP President Louis W. Menk: "With respect to the revenue/-expense comparison and the flexibility of the budget, we feel that when we have established our program, we are committed to it. If an extremely adverse revenue situation should prevail, however, we have some flexibility to cut back. This flexibility would exist in items which represent about 45% of the total 1969 budget."

—From WP President Christy: "Both our capital and operating budgets are designed to be flexibile and responsive to any changes in revenues from those forecast."

—From Rock Island Chairman and President Jervis Langdon, Jr., and from WM Vice President-Operations G. M. Leilich: Yes, there's built-in flexibility to permit adjustments if required (or, as Leilich puts it, "should reality vary significantly from the forecast").

—From Burlington President William J. Quinn: "A question about the degree of flexibility of capital or operating budgets does not lend itself to an easy answer. If we should encounter a drastic economic turndown, we naturally would undertake major economies. Conversely, if a pronounced upturn in business should develop, as in the case of heavy grain shipments, both operating and capital budgets could be stimulated in a relatively short time."

—From Southern President Claytor: "We have stated that a 5% increase in freight revenues is our best 'crystal-ball' estimate for 1969. We, like all others, are compelled to rely on the consensus of forecasts for the national economy in making such an estimate. If I understand Railway Age's use of the term 'flexibility' correctly, I can only say that our budgeting is as nearly precise as we can make it."

—And from Rio Grande President G. B. Aydelott: "In these days of rapid change, flexibility is imperative in the management of any business. Our budgeting policies define the action to be taken, on a month-to-month basis, if revised revenue forecasts vary from the original forecasts. Inherent in the flexible budgeting process is the necessity of remaining uncommitted with regard to a proportion of the original approvals. As a normal procedure, this is handled through the operating budgets and the capital program would be revised downward only in the event of a significant revenue drop. The capital program is frequently revised upward, however, as new opportunities arise which were not anticipated when budgets were prepared."

● **More for the plant.** Most top officers in the industry see only minimal changes in program emphasis in '69—but there are exceptions, as about one-third of the roads with now-fixed budgets are forecasting some increases in plant spending.

The 1969 M/W prospects

Milwaukee is one example. Its M/E and M/W ratios have been running a bit higher than industry averages. Says President C. E. Crippen, "it appears that both of these ratios will run somewhat higher in 1969 than in recent years—with a more pronounced increase in maintenance-of-way-and-structures than in maintenance-of-equipment." The president of another major road has similiar thoughts, on a capital-spending basis: "In our 1969 program, greater emphasis, by comparison with '68, will be on fixed-property improvements in connection with our continuing efforts to reduce costs in yard and terminal operations. Because so much of the planned activity will be directed toward improvement of the physical plant and facilities," he adds, "that portion of operating expenses related to maintenance will be relatively inflexible." And for still another road, emphasis will definitely be plant-directed: Florida East Coast, President W. L Thornton notes, "expects to continue emphasizing fixed-property improvement in 1969 as we did in '68. The principal objective will be to orient services and facilities toward customer needs. I realize this is a rather broad statement—but I think it accurately describes what we plan to do. In this connection, I'm speaking of the development of industrial park areas and the provision of better automobile and piggyback handling facilities. Other improvements would be in areas where we would be able to effect cost savings that could be passed on to shippers by making our rates more competitive."

● **The ICC and the unions.** No set of forecasts—and no year, really—can hinge totally on one or a couple of factors. But a case could be made in '69 for putting two elements at the head of the list: (1) The interplay of rates, service, income and rate of return; and (2) the positions taken by rail labor.

Point 1 is only partly the industry's to command. Railroads have been making as strong a case as they know how, in freight-rate proceedings still before the ICC. Chief executives—notably, perhaps, PC Chairman Stuart T. Saunders—are frank in outlining the customer's real stake in the case. Saunders is untiring in pointing out that the industry rate of return dropped to 2.45% last year, lowest since 1961, and that the return for eastern roads was well under the average. To modernize, he declares, "railroads must improve this rate of return. Shippers who are protesting a rate increase are guilty of gross shortsightedness. They are the same people who are complaining about poor service and equipment."

UP Executive Committee Chairman Frank E. Barnett underscores the point: If railroads can just get an improvement in the rate of return, he believes, capital expenditures for improvements could run substantially higher, over the next eight to 10 years.

● **Where do the unions stand?** Point 2, rail labor positions, is—in some ways—even less within the industry's power to control. But it is not much of an overstatement to say that labor and labor's leaders wield their own variety of make-or-break power over the industry.

It has been said—by Illinois Central President W. B. Johnson, for one—that the organizations can help railroads increase volume by 15% or so, and that one end result would be more jobs and not fewer. But, Johnson and others point out, traffic-building and revenue-building service improvements in many areas cannot be made without the cooperation and the support of the brotherhoods. Thus far, there has been little evidence given that key people in labor understand the alternatives.

With these two factors—and a host of other ones—weighing heavily, it's not surprising that budgeting for '69 has been a stickier-than-ever process.

In some ways, it *is* surprising that forecasts can call for increased capital investment, '69 compared with '68.

Right up to the limits of available funds, however, railroads will be moving next year—as Southern's Graham Claytor puts it, for the "profit-oriented strengthening of our service capabilities." ■

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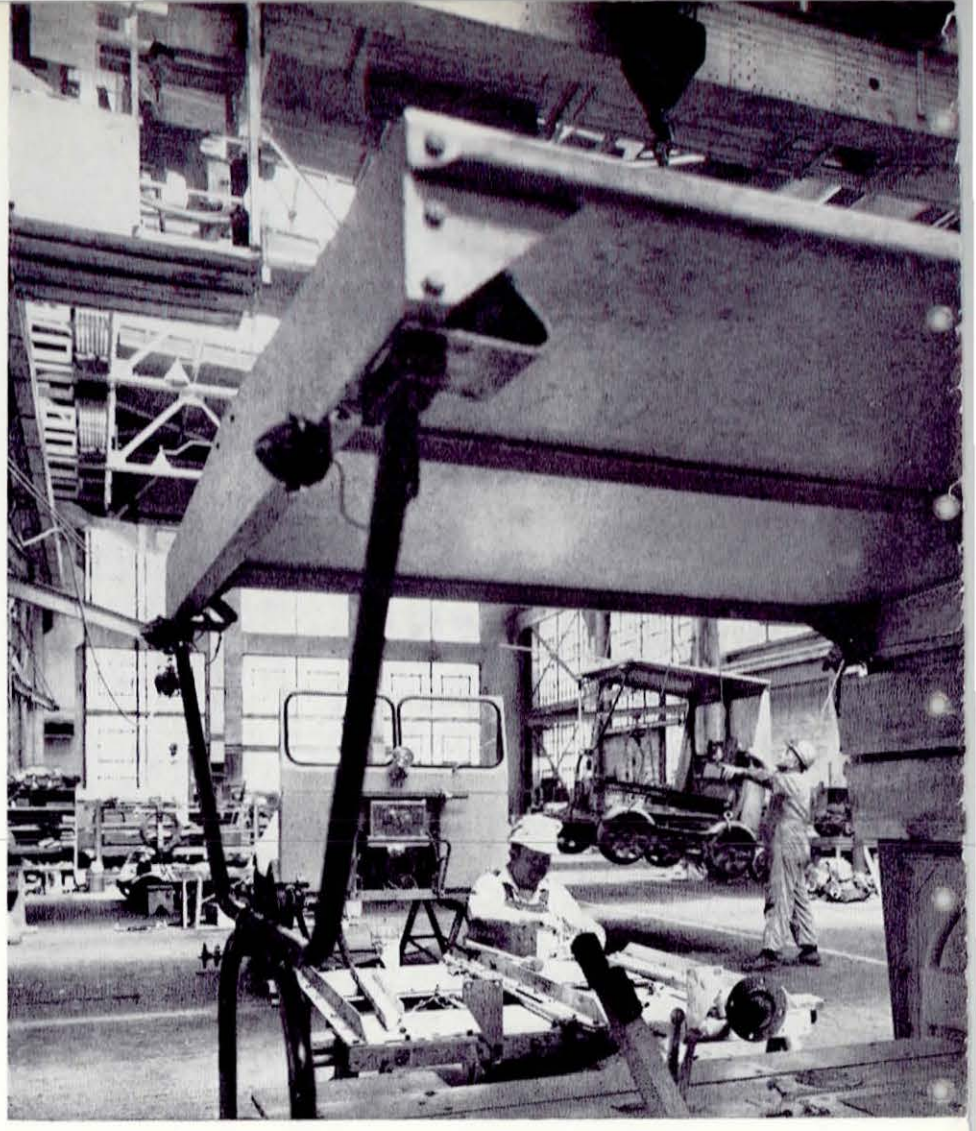

SUBSTANTIAL DOLLAR SAVINGS are anticipated from application of VeFAC Programming—a work measurement and control system—to this San Fe shop.

What is it that a supervisor may define as something he is constantly striving to get from each employee in his charge? That an employee may secretly describe as something he does, but perhaps many of his co-workers don't do? That management often views as an intangible element which by its absence can devour a sizable portion of the all-important net income figure appearing at the bottom of the earnings summary? That labor, on the other hand, is quick to promise in return for a fair day's pay?

It is called a fair day's work.

● **How is it defined?** But, an employee and his employer may ask, what is a fair day's work? And how is it determined for a job where the activities may vary throughout the day and where repetitive motion cycles such as might be found in mass production operations are virtually non-existent? Wofac Company, which has spent the past 30 years developing and installing several different types of manpower utilization systems in businesses the world over, thinks it has the answer in its VeFAC® Programming—Variable Factor Programming—technique.

Some 16 railroads, as well as scores of agencies and suppliers serving the railroad industry, have installed or are installing VeFAC Programming. The installations are in departments where work activities were once considered immune to controls only because there were no effective ways of measuring the work performed. Startling results, expressed in terms of labor dollars saved, have been reported.

The Burlington has installed VeFAC Programming in a variety of operations ranging from car and locomotive repairs to freight handling to office accounting. It credits the system with saving about $4 million annually, so far. Within a year-and-a-half of its inception, VeFAC Programming was saving the Burlington over $1 million annually in the mechanical department alone.

● **Savings could double.** R. R. Taylor, the road's chief mechanical officer, is confident that once the program reaches its full potential, the annual savings in his department "could double to $2 million, or the equivalent of the earnings generated by 11,000 cars of business."

VeFAC Programming is now in an early phase of installation at the Santa Fe's maintenance-of-way equipment repair shop in Albuquerque, N. M. While it's too early to tell what savings, if any, will be generated by the program, R. H. Beeder, chief engineer, reports that the Wofac analysts "have introduced some new measurement and control techniques which show great promise of producing substantial savings."

What is this magical cornucopia which seems to spill savings dollars with almost rare abandon? Simply stated, VeFAC Programming is a system of work measurement complemented by some precise control methods, and proprietary techniques of installation and perpetuation. But, railroads as well as many other businesses have cost control programs based on measurement and control methods. What makes VeFAC Programming unique?

Some of the unique features of VeFAC Programming which set it apart from other cost control programs are techniques and abilities in setting fair and reasonable times for every conceivable human operation followed by some hard and fast control methods.

The VeFAC Programming technique is a relatively new Wofac development. Wofac (a name derived from Work-Factor) traces its beginning back to the mid 30's when a group of engineers developed a scientific method of performing time studies. First, through use of special stopwatches and measuring devices, along with the analysis of human micromotions through use of motion pictures, stroboscopic camera measurements and special photoelectric timing devices they were able to establish what they called "Work-Factor Time Values." Next, they developed a means of applying these values in practical situations.

The Wofac time values, developed scientifically for every conceivable human motion or combination of motions, served as the basis for measurement of work being performed. Thus, although stripped of their stopwatches

but armed instead with the Work-Factor Time Tables, industrial engineers were still able to make accurate readings of work being performed. In effect, human judgment was eliminated with the removal of the stopwatch, permitting more accurate measurements.

● **Where it's most applicable.** In its purest form, the Work-Factor method is most applicable for work with highly repetitive motion cycles.

Therefore, it was the impact of variables on the original measurement and control technique which gave birth to VeFAC Programming. Unlike the original technique, VeFAC Programming places greater emphasis on controls than on time measurement and setting, although both are essential. However, some of the most important features of the original system are retained in VeFAC Programming.

Unfortunately, there is a wide-spread misconception of Wofac and the manpower utilization programs it has developed. Employees and oftentimes front line supervision expect to see a return of the sweatshop days when Wofac analysts appear on location. Clerks visualize themselves chained to their desks, urged on to greater heights of productivity to the tune of snapping bull whips. Shop workers see themselves on the end of short tethers which are not unleashed until they complete a superhuman quota of production.

Contrary to these beliefs, the objective of VeFAC Programming is to develop a reasonable day's work from each employee.

● **How it begins.** At the outset of a study of a particular work activity, the analyst seeks out the supervisor to get his estimate of the work being performed by employees under his supervision. Next, with the aid of the special VeFAC Programming measurement techniques, he will make many observations of the activities under varying conditions. If there are any differences between the kind of activities performed and those provided by the supervisor, they are discussed and resolved. From these investigations evolves the precise definition of actual activities for work measurement. Then by specialized techniques the analyst determines fair and attainable target times. Finally, after each work activity has been given the same thorough treatment, all the measurements are assembled and translated into programmed man-hours for the entire work group, craft, or department under study. Liberal allowances are made in setting the final targets.

When VeFAC Programming was being established at one of the Burlington's mechanical department locations, more man-hours were added to the programmed hours to cover miscellaneous activities—fatigue, vacations, absenteeism and unforeseen circumstances.

● **A case history.** Here's how VeFAC Programming might determine that 106 men are needed to perform a department's monthly work load: (1) by adding together all the programmed work hours on a monthly basis, the total came to 11,769 hours; (2) multiply these hours by the percentage figure for such things as fatigue, vacations and absenteeism, and add the results to the programmed hours; (3) this total—17,810 man-hours—is divided by 168 (average man-hours worked per month per man). Result: 106 men required.

Controls, which make up a substantial part of VeFAC Programming, make it tick. Without them, all the measurements would be for naught. First, input of work into the department must be controlled. Once this is worked out, then the key man (the only man who can deliver the savings top management was seeking when it decided to embark upon the program), takes over. He is the first line supervisor.

The foreman's role

The foreman, or group supervisor, must see to it that production controls are initiated to measure productivity and manpower utilization on a daily, weekly and monthly basis. He must follow the program control format closely if results are to be gained. To aid him, VeFAC Programming provides control sheets to effectively manage activities performed by the employees in his charge. This may seen like a heavy burden for the first line supervisor to carry. But, as William Crawford, Wofac's operations manager in Chicago, explained, "Once he masters the techniques of control, he can supervise by exception rather than spend his time constantly 'putting out fires'."

● **Business within a business.** Assisted by VeFAC Programming, the foreman, in effect, becomes a manager of a business within a business. Essentially, he ceases to be solely a work "pusher." Instead, he finds himself cast in the role of a planner. He has more time for planning since the employees under his direction are utilizing their time more effectively.

No longer hampered by "wheel spinning" or effort-nullifying factors (interruptions, delays, rush jobs, work guesstimates) because the VeFAC Programming has eliminated them, employees are able to meet their work goals, and the supervisor is able to maintain contact with them on a programmed basis.

Through these periodic contacts, plus his control sheets, he (1) knows what his employees are doing at all times; (2) knows they are doing the work in the prescribed time determined by measurement studies; and (3) is able to investigate the exceptions and handle them for correction. He, and the program, can succeed only when he is able to do these things.

The VeFAC Programing analysts remain on the job site until they are convinced that the program is moving smoothly toward its goal. The time required will vary according to the type and scope of the operation. Usually, this time is determined during a survey conducted by Wofac specialists prior to actually sending in the analysts to establish the program.

● **A week or two.** The survey, which may take as little as a week or two, is vitally important to both Wofac and the client. Data collected during the survey serve as a basis on which Wofac will advise the client of what he can expect to save by installing VeFAC Programming. Also, the survey determines what fee will be charged (and it may be a sizable one if much time and effort will be involved).

The savings commitments which Wofac makes are generally underestimated. Managements can take these savings in one of two ways, either in an increase of work output by the existing force, or in a reduction of the work force with the over-all production remaining the same. In most cases, Wofac finds that the latter route is chosen.

Although they do not set out to do so, Wofac programs invariably bring about a force reduction. The client, or perhaps Wofac itself, will insist at the beginning of the program that the following guidelines be established and strictly adhered to:

—No position will be eliminated without clearance from the manager of the work center;

—No force reductions will be allowed if they will cause a deterioration of quantity or quality of work;

—No procedures will be permitted if they violate existing labor agreements.

After departure of the analysts, VeFAC Programming is not left to perk along on its own momentum. Early in the program, the analysts ask management to choose an employee who will work closely with them. This employee is given opportunity and time to gain the necessary expertise and learn the proper techniques for perpetuating the program after the analysts depart.

In the first year after their departure, one of the analysts will return periodically to the work center to check on the progress of the program.

Provided with the tools which permit them to forecast, organize and control the work in their section, members of supervision in the installed VeFAC Programming work centers know what a fair day's work really is. One railroad shop supervisor, skeptical at first, explained later in the program that "we're not really working any harder, just very much smarter." ■

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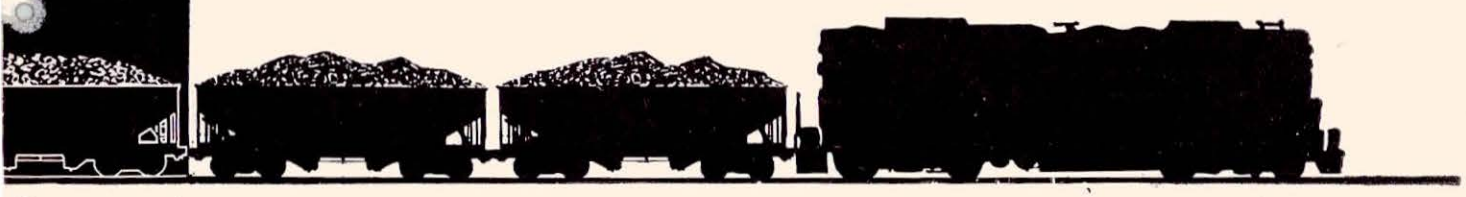

Railroaders look at the election

Are the railroads happy about the victory of Richard M. Nixon? They are, if reactions of some of their Washington representatives qualify as indicators. Many of these men were asked how they felt about the election—strictly from an industry viewpoint. The consensus was that Nixon is a better choice than Humphrey, though big things shouldn't be expected. The main benefit rails can hope for, respondents said, is an open ear.

The Washington reactions may raise spirits. The Washington reasons, however, may bring less of a lift. In general, the reasons consisted of little more than the traditional views that Democrats are big on labor and Republicans are big on business. These were offset by less optimistic reactions.

● **Hand needed, too.** As for that open ear, one venerable observer of many administrations replied that this possible gain won't be much good without a strong hand. But Executive influence, he emphasized, has been absent from both Democratic and Republican eras, though both have produced favorable railroad policy on paper.

He said, "Each government department has a different idea when a railroad issue comes before the Interstate Commerce Commission. There would be a big gain for the railroads if the Chief Executive could resolve these differences by implementing some of the policy already drafted."

Support for this view came from a rail spokesman who recalled agreement of rail executives at a recent Railway Progress Institute program that the election wouldn't affect the industry at all. Behind that view was the reasoning that nearly all the industry's needs are expressed already in documents like the 1962 Kennedy Transportation Message. The executives doubted that this expression would move ahead under either candidate.

● **Same Congress.** Several respondents added that no matter how sympathetic Nixon might be, he'll face basically the same Congressional attitudes that confronted the industry during the current Administration.

As one man put it, "There was no change in Congress significant from our standpoint. No one who beat our heads in was lost. And we didn't lose any friends, because we didn't have any real ones."

● **Same rail burden.** Another damper on rail expectations came from a man with both industry and government experience. He said the burden still falls on the railroads, regardless of who's in the White House. He said both political parties have heard the same sad story for a long time and they may be getting tired of listening.

"The railroads would have had to push a lot harder, no matter who got elected. They need a new story. If it's going to be the old one again, it'll need a new way of telling," he said.

● **Sympathy expected.** Railroad representatives responded on the understanding that neither they or their companies would be named. One said this: "We don't see any great change. Nixon will be friendly, but not pro-railroad per se. We should be able to maintain a friendly relationship."

● **Business reasons.** Hope for sympathy was based on business reasons in many replies. One rail man reasoned thus: "The Nixon Administration should be more sympathetic on the long-standing rail issues such as tax inequity, the need for greater depreciation allowances, and freedom for intermodal coordination.

"I don't think Nixon would go for common ownership in a big way, though. There won't be any big breakthrough, but there will be more sympathy. That will be a reflection of his greater understanding of business problems."

And there was this: "I think the prevailing view here is that neither Nixon nor Humphrey would slow down the progress of the railroads. However, if our people could have named the President by themselves, we would have leaned toward Nixon on the old feeling that the Republicans are better for business."

● **Labor reasons.** The other tradition came up, too. As one respondent put it simply, "Humphrey was strong on labor."

Another spokesman made this point: "I would say the railroads will be better off with Nixon than they would have been with Humphrey. The Democrats are more amenable to labor. Remember, it was only in the Eisenhower Administration that labor disputes were kept out of the White House."

One answer was: "Nixon has no labor ties."

● **What about DOT?** Several men brought the Department of Transportation into their replies. One said: "We're more optimistic for progress in the field of transportation under Nixon than under Humphrey. However, we haven't got much of a yardstick on Nixon concerning transportation."

On the DOT issue, one man said the railroads stand to gain if the new secretary reflects the conservative frame of mind associated with Nixon. "That would mean a status-quo transportation policy, a return to traditional regulation. Since DOT won't ever become liberal enough to give the railroads the uninhibited freedom they want, good traditional regulations might not be so bad."

● **Interesting Windup.** Finally, one respondent took a similar approach but added an interesting windup: "I think the main thing we've got to see is who will be the secretary of transportation. I can't comment on Nixon's election without knowing who will get the secretary's job.

"One thing, though, is that Nixon's never said anything against us.

—Frank Malone

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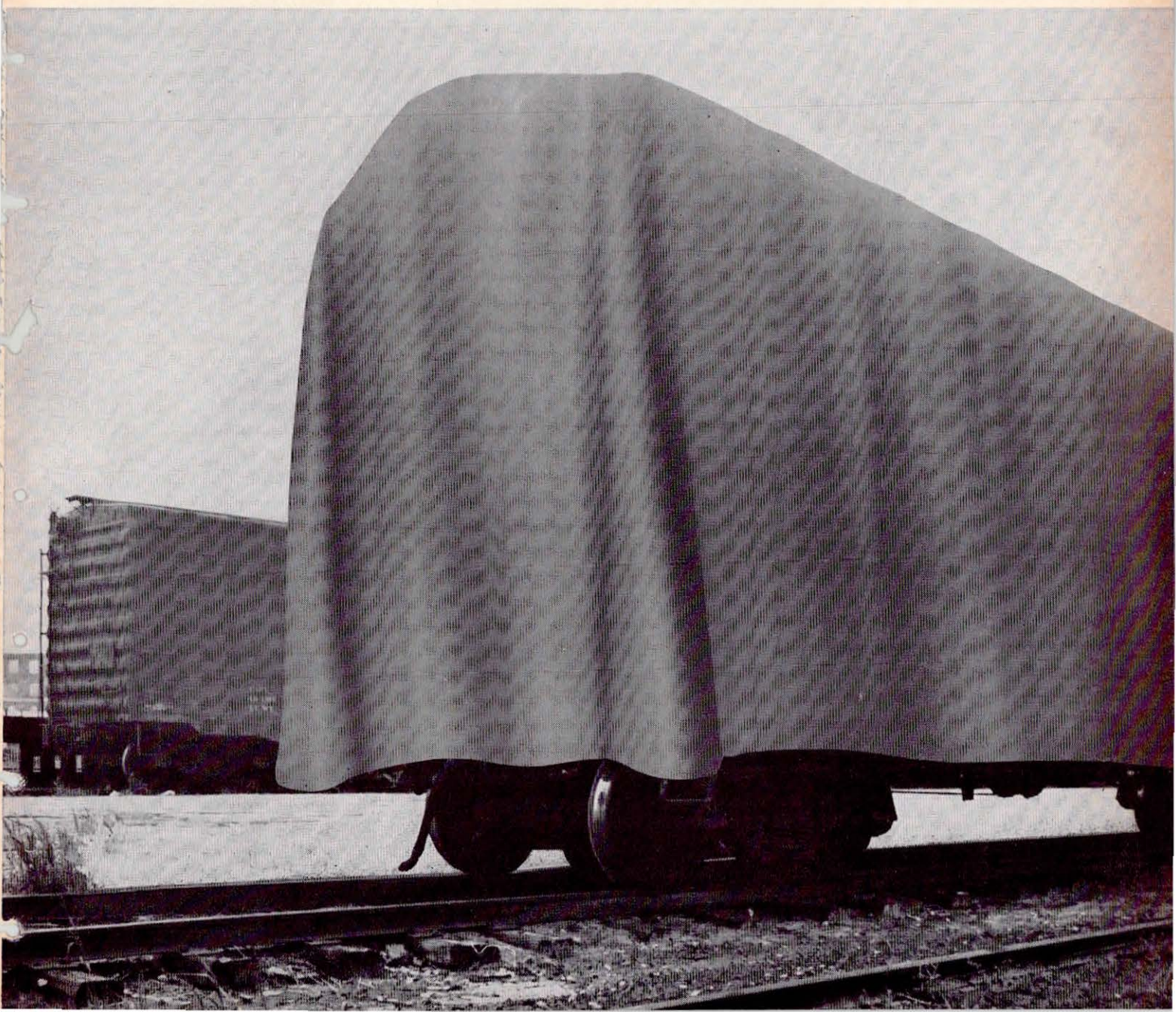

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AS THE EDITOR SEES IT

SPEAKING OF GAPS— The "in" word these days appears to be gap. Generation gap, technology gap, credibility gap, communication gap—you name it, the railroads have it. The new generation of railroaders is as different from the old as dawn from dusk. Technology? Railroads have it; lack of capital to fully implement it creates the chasm. The credibility gap is broad—between railroads and their employees; between railroads and their customers; between railroads and the government; between railroads and their various publics. But the most important gap of all is that of communication. Bridge that one, and the others might disappear.

THE SEEDS OF MISUNDERSTANDING— An unkind critic has said that whenever railroads try to put their best foot forward, they end up putting it in their mouth. That isn't entirely true. But the fact remains that while U.S. railroaders are trying to hold together the world's most efficient (and only profit-making) national railway system, they are being assailed on all sides by those who seem intent on tearing it apart. Why can't railroads narrow the gap between what they are and what their critics think they are? One answer is this: Railroad men, even when given a ready-made platform, are not always able to put their story across.

WHAT HAPPENED AT VEGAS— A dismal case in point was provided by the recent meeting of the National Association of Shippers Advisory Boards at Las Vegas. About 100 shippers, including some of the railroads' biggest customers, showed up. About 100 railroaders also came. But with few exceptions, the railroaders were from executive levels far below those of the shippers. The shippers came to the meeting with a carload of questions. They were worried about lack of quality control, about car supply, about rising rates.

WHAT DIDN'T HAPPEN— And what answers did they get? They received bland assurances that railroads are on the threshold of a bright new era; they heard vague talk about a renaissance on the high iron. One shipper sputtered, publicly, "Railroad management has lost contact with us. Don't they care about their customers?" The communication gap was never more sadly evident. To one observer, the moral seemed clear: Unless we in the railroad business can stop talking in third-rate cliches manufactured by third-rate p.r. men; unless we can begin to address ourselves to the real issues of the day and stop peddling ready-made answers for which there are no questions; unless we can begin to communicate, and not merely filibuster—then we're in trouble.

Moir sees a big year coming up

Freight forwarders are leaning toward a banner legislative session in Congress next year to reshape their industry into improved service and bigger profits.

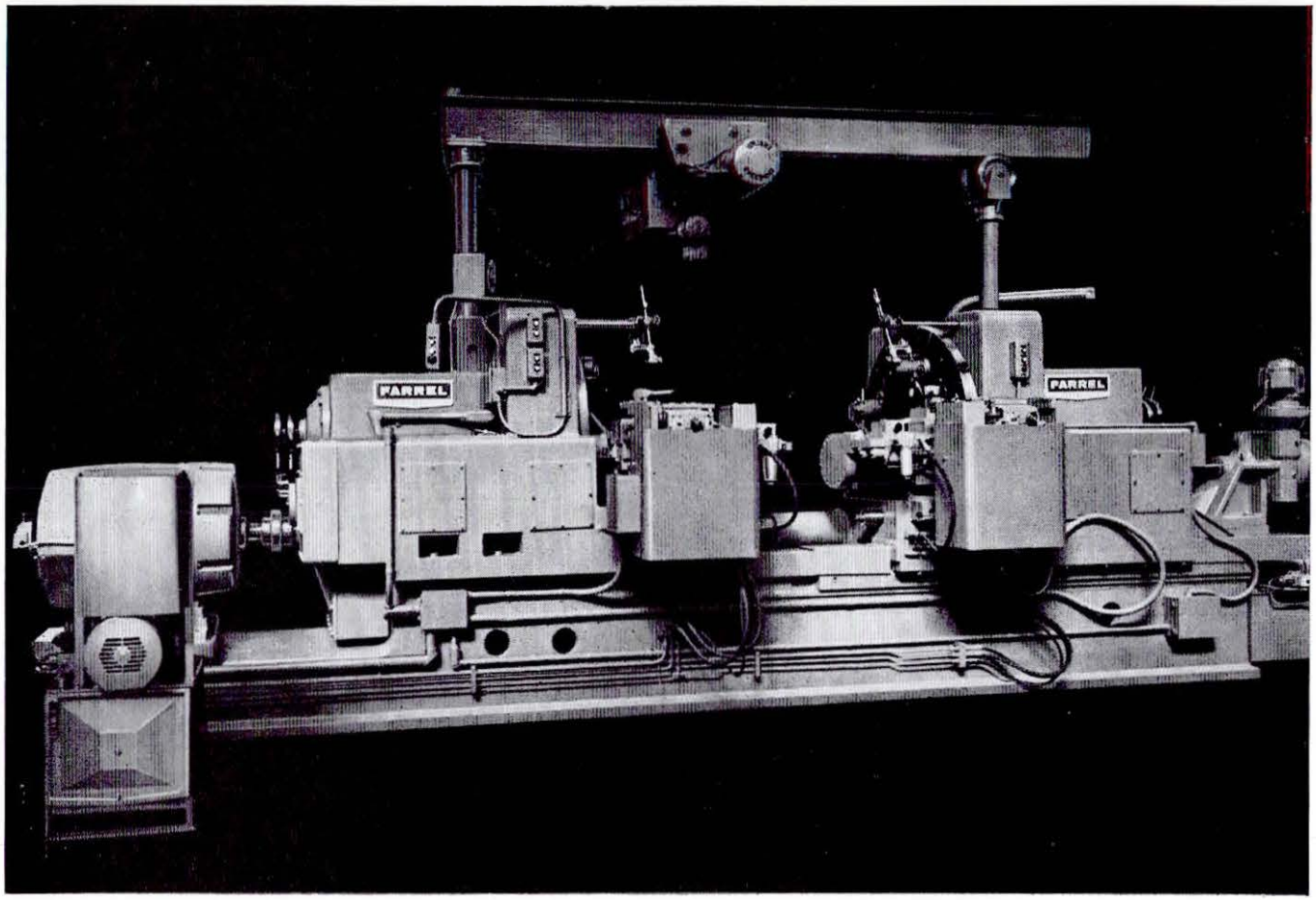
Speaking before the Traffic Club of Chicago in the Blackstone Hotel, G. Russell Moir, chairman and chief executive officer of United States Freight Co., said Congress in particular will be asked to take a hard look at regulations affecting piggyback and international containerization. Moir said forwarders will seek a centralized governmental authority to deal with through rates and bills of lading which could overcome high-piling red tape that is blocking the overseas container movement.

Moir also warned that forwarders are presently in trouble because of conflicting rail tariffs and unfair competition from competing long haul motor carriers which are rapidly acquiring short haul carriers.

"When they become part of a competing system of carriage, these short-haul carriers who provide off-line service for our industry, understandably cease cooperating with the forwarders," Moir declared. The industry official recommended that the Interstate Commerce Commission permit forwarders, as it has the express agency, to extend terminal areas so assembly and distribution operations can be embraced.

"So long as forwarders are required to pay the published tariff rates of railroads there is not much chance they will be able to reinstate their short-haul service," Moir said. What's needed, the industry spokesman added, is more cooperation between forwarders and railroads with working arrangements and charges expressed in contracts tailored to the operations. "Why should the railroads not be permitted to work with their partners, the freight forwarders, on at least as flexible a basis as they are permitted to work with their competitors, the long distance truck lines?" Moir asked.

In demonstrating the forwarders' historic role as a "connecting common carrier" in intermodal transportation, Moir recalled more than 150 years of freight forwarder law. He predicted that once the public, a new Department of Transportation, and Congress, grasp fully the history of the forwarder, the industry will be granted relief from obstacles regarding rates and common ownership of truck lines. ■



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Pam Am Congress meets in Argentina

Technological advances are stressed as sessions open.

Hearing of dramatic strides in technology, railroaders at the XII Pan American Railway Congress in Buenos Aires listened intently last week as experts forecast a new era for their industry.

Fifty-three technical papers were submitted to the Congress by U.S. authors. All of them stressed the fundamental importance and necessity of expanding rail service.

Thomas M. Goodfellow, president of the Association of American Railroads and head of the U.S. delegation to the Congress, began the formal speechmaking for the U.S. group in an address to the opening session of the Congress Tuesday in the Plaza Hotel.

Goodfellow pictured railroads emerging ahead of their historic past. Space flights and getting a man on the moon tend to make people forget the importance of railroads, Goodfellow said, but, he added, "nothing — absolutely nothing — has happened to change the fundamental importance of railroads."

"The population and production potential of the future gives railroads unprecedented opportunities," Goodfellow declared. Cybernetics, he said, where men and electronics work together for greater efficiency "is the watchword for sophisticated railroad management everywhere."

Goodfellow pointed to what advanced technology has already done to upgrade railroads, noting the role of electronic yards, computers, microwave, automatic car identification and such things as automated information networks.

Customer needs have also led to other new concepts, he said, like the unit train, and imaginative adaptations of older concepts, like containerization and piggyback.

One of the numerous papers introduced was submitted by John A. Grygiel and A. J. Lawson, manager-market research and market analyst-market re-

search, respectively, of the Santa Fe.

The Santa Fe team declared that the travel time between Europe and the Far East will be greatly reduced by transporting containers on rails across the United States.

Grygiel and Lawson also forecast a substantial reduction in costs which will open entirely new markets for goods between the two large geographic areas.

" 'Land Bridge' offers many things to many people," the paper stated.

"To the shipper — the tangible benefits of containerization plus a reliable and shorter transit time.

"To the steamship operator—a realistic method to service another trade route with an existing system but without the inherent consequences of additional capital expenditures.

"And, to the railroad—a new source of business."

John E. Clayton, chief of the Transportation Research Branch of the U.S. Department of Agriculture, informed the Congress that containerization promises to open more markets for fruits, vegetables and meats by permitting the products to be shipped to distant points.

Paul H. Banner, assistant vice president of the Southern Railway System, writing in another paper, said "competition is a basic fact in the transportation market which the railroad manager must realize whether the railroad system is privately or government owned.

"The railroad industry needs marketing tools to compete effectively, and the measurement of markets is a necessary initial step," Banner said.

High speed passenger service was discussed in another paper written by James W. Diffenderfer, assistant vice president of the Penn Central.

Diffenderfer said that "utilizing the expertise of railroads, the inspiration of dedicated public officials, and the combined resources of various levels of government, the world should be able to find a realistic solution to many of the transport problems in its densely developed corridor areas by further development of high-speed rail systems."

"Though seemingly expensive for private capital," Diffenderfer said, "high speed rail passenger service may well be the least expensive solution for various governments' mounting transportation problems."

Other papers introduced included those from Harold F. Hammond, president of the Transportation Association of America; Dr. E. Grosvenor Plowman, president of the Transportation Research Foundation; Vincent F. Caputo, director for transportation and warehousing policy of the Defense Department, and G. E. Leighty, chairman of the Railway Labor Executives' Association. ■

FRANK MALONE

WATCHING WASHINGTON

IT'S GUESSING TIME— The calm between president-choosing and cabinet-naming can be punctured by DOT-guessing. The ease of saying which way DOT will go or who will lead it depends on whom you know. One thing seems clear—the crew will try to hold the rudder at its original angle.

CAN THE SPIRIT CLING?—Guessing might assume question-form: How long will it take to smother a fledgling spirit? The answer-form might be this comment by a DOT civil-service staffer: "I have a feeling Nixon's election won't hurt us at all." He's one of many who will greet the 24 new presidential appointees—secretary, under secretaries and assistants, and administration heads. An appointed insider, however, anticipates that sparks will fly between old and new over attempts to cool what he calls the present public-interest trends, for private-interest benefits. Again guesswork is involved—about the proper interpretation of the GOP plank-promise that DOT will become the promoter of coordination and the preserver of competition.

FRA: ONE INDICATOR—The Federal Railroad Administration may give some clue about what to expect. From top to bottom, members appear confident they have boiled up some strong momentum. As one of them sees it, FRA has scored big in an un-written project—promotion of rail unity—of which a sign is renewed FRA-AAR good relations. Secondly, statutory programs like safety and high-speed trains are in motion, and more is coming. Then there is the team assembled by Administrator Shef Lang, whose voice carries an extra proud-note when he talks about his bright, eager, and ambitious young men. And though Lang often criticized the railroads, there is a report from the new Senate office building that rail men are joining DOT men in seeking Hill support for Lang's retention.

THE BIGGEST GUESS— The main question, of course, is who will be Secretary of Transportation. Massachusetts Governor John Volpe was an early contender but seems to have slipped in the ratings. Some sources give strong odds to William J. Ronan, chairman of New York's Metropolitan Transportation Authority. Other names ventured are Sen. George Smathers (D.-Fla); Dean George Baker of the Harvard Business School; Charles A. Webb, National Association of Motor Bus Owners president; ICC Commissioner Dale W. Hardin; and even Alan S. Boyd—to name just a few. Perhaps the safest thing that can be said is that this is a good place for a dark horse.

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Railroads hit at rate-hike opponents

The cost explosion since 1966 has bent railroads into a grim financial posture characterized by drastic cuts in capital expenditures and doubtful future programs. That's what the industry told the ICC last week when it filed its brief for the balance of a $463-million rate hike.

In June, ICC approved an interim increase of $250 million as part of the industry's Ex Parte 259 request. However, revenue from the interim raise and from the 1967 Ex Parte 256 increase falls far short, the railroads say.

Replying to rate-increase opponents, the railroads say agriculture products must be included in increases, rails' burden of proof does not mean they must show unit costs by commodities, merger economies don't reduce revenue needs, commodities showing profitable cost-revenue relationships must be included, and passenger deficits must be considered. Rate of return is one main gauge, the brief says. "If the railroads' anticipated rates of return, taking into account all of the proposed increases on an annual basis, are grossly inadequate by the Commission's own standards, their actual rates of return (2.55%) for the 12 months ending June 30, 1968, must be deemed a calamity," the brief says.

A 300-page brief covers the rail situation on traffic such as coal, iron ore, scrap iron, pig iron, grain and grain products, forest products, fruits and vegetables, chemicals, non-ferrous ores and concentrates and manufactured or semi-finished iron or steel.

Rail problems with each category are covered. Regarding coal, for example, the brief says revenues for 1965 (last year available) covered only 85% of coal-hauling costs. This was determined on a fully-allocated cost basis, the brief points out.

The railroads are asking the ICC to find that: there's a critical need for more freight revenue, carriers' estimates of increased costs and taxes are reasonably accurate, interim increases aren't enough, increases are in the public interest, transport service consistent with the public interest and the National Transportation Policy cannot be provided without increases, railroads have presented a meaningful and realistic demonstration of unit costs of performing their services, increases will be just and reasonable, and there will not be an adverse effect on rail movements. ■

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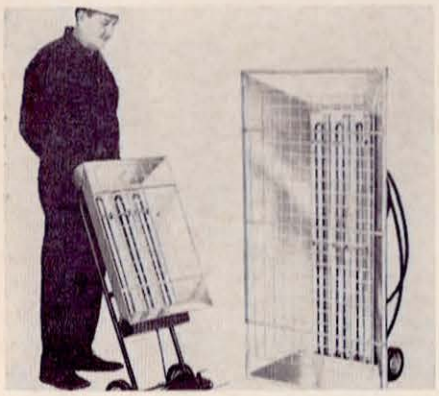
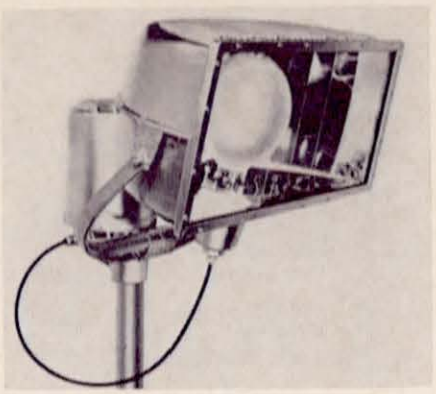
Circle 21 on coupon page 46

NEW PRODUCTS REPORT



Portable heater (RA-1)

The Type RBC Chromalox electric radiant heater can be wheeled to a job site to provide warmth for workers, to dry paint, remove moisture, preheat engines or machinery, or for other applications where heat is needed. The unit can be tilted, turned upside down, adjusted for height, or separated from wheels. The 6- and 13.5-kw units weigh 50 and 75 lb and deliver 20,472 and 46,000 Btu's, respectively—in 240- or 480-v for single or three-phase operation. *Edwin L. Wiegand Co.*



Floodlights (RA-2)

The MF Series floodlights, in models for 100- and 400-watt mercury vapor or metallic additive lamps, are available with a wide choice of ballast and reflector systems. The UL-listed marine type fixtures have a segmented rectangular reflector for maximum utilization of the light from mercury vapor or metallic additive lamps. The MF fixtures are supplied with integral ballasts, factory wired and assembled with a positive seal against corrosion and contaminants. *Wide-Lite Corp.*

Improved lamp (RA-3)

The improved 400-watt Lucalox lamp for general indoor and outdoor lighting is said to produce 42% more light over its lifetime. Lamp life is increased from 6000 to 8000 hr; lamp efficiency from 105 to 110 lumens per watt of electric energy consumed (a total output of 44,000 lumens initially vs. 42,000 for old design); maintenance of light output from 85 to 90% of initial output at 6000 hr and mean lumens from 92 to 93%. Lucalox lamps were introduced in 1965. *General Electric.*

Refuse grinder (RA-4)

Metal strapping, nails and wire found in dunnage and pallets; 8-in. timber; and 2½-in. pipe are reduced to chip-like material with a portable grinder, the Alley-Gator, without harm to machine or need to stop operation for sorting. The machine, loaded by crane or tractor in volume, chews up refuse at a rate of 1-plus cu yd of chips per min. One man operates machine and conveys residue into trucks for disposal. *Western Manufacturing.*

Knuckle pins (RA-5)

Higher strength coupler knuckle pins are now available for unit train cars. The new pins of AISI 4150 steel have a 160/144 ratio of tensile to yield strength as compared with the 126/121 ratio for standard C-1060 material pins. AAR Specification M-118 drop test requirements are also met by the higher strength pins. *McConway & Torley Corp.*

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COMPANY .....

ADDRESS .....

CITY ..... STATE ..... ZIP .....

• **Inquiries can be processed only if title and company are shown.** 11/18/68

PEOPLE

ASSOCIATION OF AMERICAN RAILROADS.—Has opened its new headquarters in the American Railroads Building, 1920 L Street, N.W., Washington, D.C. 20036. Since its organization 34 years ago, the AAR had occupied offices in the Transportation building, 17th and H streets, N. W. The new switchboard number is (202) 293-4000. Individual departments can be dialed directly. Department numbers are: Executive, 293-4010; Secretary-Treasurer, 293-4030; Economics & Finance, 293-4050; Law, 293-4080; Management Systems, 293-4100; Operations & Maintenance, 293-4140; Public Relations, 293-4190; and News Service, 293-4196.

CANADIAN NATIONAL.—K. L. Crump, manager of labor relations, Montreal, appointed assistant vice president, labor relations. **W. S. Mason,** employee relations officer, Mountain region, Edmonton, Alta., succeeds Mr. Crump at Montreal.

ERIE LACKAWANNA.—Milford M. Adams elected secretary-treasurer, Cleveland (RA, Nov. 11, p. 32). He formerly was assistant comptroller.

MARYLAND & PENNSYLVANIA.—James N. Frantz, Jr., auditor, secretary-treasurer, York, Pa., retired Oct. 31 after over 50 years of service. **Walter T. Peregoy,** assistant secretary-assistant treasurer, succeeds Mr. Frantz as secretary-treasurer. **Miss Marilynn L. Briggs** named assistant secretary. **Wilmer B. Mast** appointed auditor and assistant treasurer. **Paul E. Miller** named car accountant.

READING.—Clarence P. Moyer, assistant electronics engineer, Reading, Pa., appointed assistant communications engineer there.

SANTA FE.—Ted D. Mason, district engineer, Amarillo, Tex., appointed special assistant to vice president-operations, Chicago.

UNION PACIFIC.—Edwin C. Schafer, director of public relations Omaha, appointed general director of public relations there.

WESTERN MARYLAND.—James C. Shewbridge appointed chief mechanical officer, Hagerstown, Md., succeeding the late **Walter C. Kresge.** Mr. Shewbridge was formerly assistant mechanical engineer, **Illinois Central,** Chicago.

OBITUARY

Herbert W. Johnson, 88, retired vice president, **Burlington,** died Nov. 5 in Evanston Hospital, Evanston, Ill.

Bertram A. Kline, assistant vice president—sales, **Birdsboro Corp.,** Birdsboro, Pa., died Nov. 1.

William McLeod, 58, freight sales manager, **Canadian National,** died Nov. 2 in Wesley Memorial Hospital, Chicago.

K. L. Crump
CN

Milford M. Adams
E-L

Ted D. Mason
Santa Fe

Edwin C. Schafer
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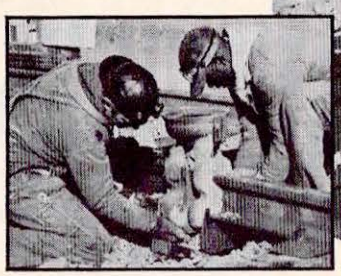

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SUPPLY TRADE

James N. Counter, vice president and assistant to the president, **CF&I Steel Corp.,** retired Oct. 1.

A. Jerry Schieler has been appointed sales representative, **Cardwell Westinghouse Co.** and **Universal Railway Devices Co.,** Chicago.

Dale E. Cagney has been appointed director, midwestern operations, at Chicago for **CTI-Container Transport International Inc.,** a subsidiary of Leasco Data Processing Equipment Corp. Mr. Cagney was formerly manager of export traffic of Rust-Oleum Corp., Chicago.

James W. Siburt has been appointed communication sales engineer, Signal & Communications Division of **Westinghouse Air Brake Co.** at Swissvale, Pa. He was formerly regional manager, Radiation Service Co.

Robert A. Mitchell has been appointed manager—Western District, **Westinghouse Air Brake Division, WABCO,** at Chicago. He was formerly manager—Central District for nine years.

Nationwide Industries, Inc., has moved its corporate headquarters from 164 W. Jackson Blvd., Chicago, to the Nationwide Industries Building, 201 N. Wells St., Chicago. The building will also be headquarters for five of Nationwide's operating subsidiaries including **Nationwide Leasing Co.** and **Railway Automated Machinery Co.**

Coach & Car Sales Corp., Elk Grove Village, Ill., has been named the representative of **International Refining & Manufacturing Co.,** Evanston, Ill.

W. C. Wright, sales engineer, **Freight-Master,** a division of Halliburton Services, has been promoted to district sales manager, Fort Worth, Tex.

Dr. Marion J. Balcerzak has been appointed director of applied research, Research Division, **General American Transportation Corp.,** Chicago.

Robert P. Gray has been named director of marketing, **Rust-Oleum Corp.,** Chicago. He was formerly vice president, D'Arcy Advertising Co.

J. A. Farnsworth has been appointed sales manager, **Atlas Car & Manufacturing Co.,** Cleveland, Ohio. He was formerly a sales engineer, McDowell-Wellman Engineering Co. Cleveland.

Oakite Products, Inc., Berkeley Heights, N.J., has established **Oakite Limited,** a wholly-owned subsidiary in the United Kingdom. **Victor K. Hallam** has been appointed general manger of the plant and office facilities in Retford, Nottinghamshire, England.

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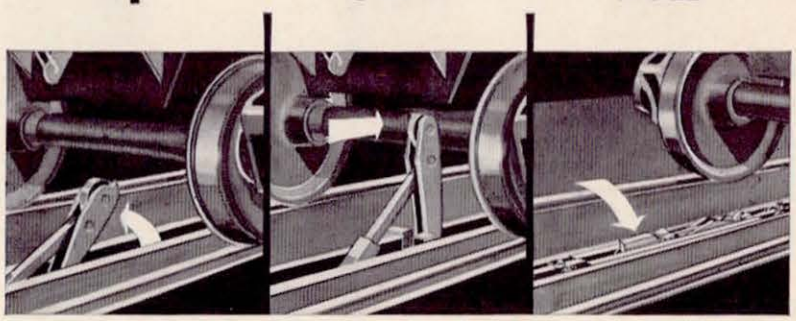

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RAIL FREIGHT TRAFFIC TRENDS

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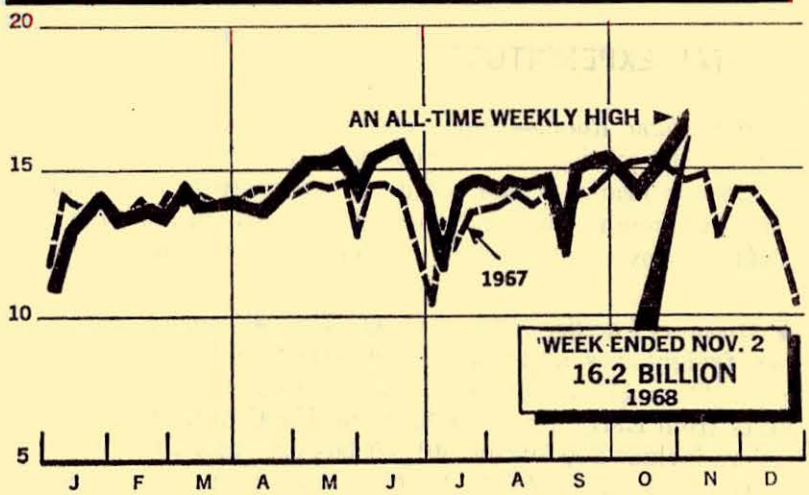


Source: Association of American Railroads

SHIPMENTS OF RAILROAD STEEL PRODUCTS

(AUGUST AND FIRST EIGHT MONTHS 1968)

	NET TONS			
	September	Per Cent Change*	Nine Months	Per Cent Change*
Rails, trackwork and equipment	36,603	+5.1	751,626	+3.3
Freight and passenger cars and locomotives	99,872	−41.7	1,536,528	−12.6
Street railways and rapid transit systems	5,619	+0.7	58,979	+52.6

*Per cent change compares 1968 periods with like 1967 periods.
Source: American Iron and Steel Institute.

Current Statistics

Net income, Class I roads	
Six months, 1968	$284,000,000
Six months, 1967	$265,000,000
New freight cars on order	
Oct. 1, 1968	16,224
Oct. 1, 1967	24,762
New freight cars delivered	
9 months, 1968	43,062
9 months, 1967	66,451
Serviceable cars	
Oct. 1, 1968	1,386,742
Oct. 1, 1967	1,415,518

CAPITAL EXPENDITURES

• *Milwaukee Road.*—Improvement programs for 1969 will be in the $24.5-million range, about equal in total and in emphasis to 1968 programs, which called for expenditures of $15 million for new freight cars and locomotives, $6.5 million for fixed-plant improvements and $3 million for car rebuilding.

• *Missouri Pacific.*—Placed orders for 24 locomotives and 864 new freight cars, at a total cost of more than $24.6 million (RA, Sept. 23, p. 111). MP ordered 20 3,000-hp SD40 diesel-electric units from EMD; and four 3,000-hp U30C units from GE. Car orders include 250 70-ton, 50½-ft box cars and 100 100-ton, 60-ft box cars from ACF; 11 60-ft auto-parts box cars from Thrall Car; 200 100-ton, 60-ft insulated box cars from Pacific Car & Foundry; and 300 100-ton, 60-ft flat cars (200 cars to be equipped with bulkheads) from General Steel Industries. Sedalia, Mo., company shops will build three 300-ton flat cars. Freight-car deliveries are scheduled to begin in November and to be completed by mid-1969.

• *Northern Pacific.*—Capital-improvement budget for 1969 totals $33,752,555, up by about $1.3 million from 1968 levels. Breakdown of the budget will be about equal between roadway and equipment improvements.

• *Reading.*—Capital expenditures for 1969 will total $20 million, double the amount spent in 1968. Rolling stock will account for $12 million of the total, fixed-property improvements for $6 million and locomotive acquisitions for $2 million.

• *Rio Grande.*—Capital-improvement program for 1969 will involve expenditures of $11.5 million, down from 1968's $14-million total but up from the $9.7 million spent in 1967. Rio Grande is budgeting $9 million for equipment, $2.5 million for fixed-plant improvements. Major items in the road's freight-car program will be 250 70-ton insulated box cars; 150 100-ton open-top hopper cars; 50 70-ton, 50-ft general-purpose box cars; and 25 100-ton, 50-ft gondolas. The major property improvement will be a line change between Rifle and Grand Valley, Colo., which will reduce mainline mileage by 1.33 miles and reduce central angle curvature by 257 deg.

• *Western Pacific.*—Capital expenditures for 1969 will total $9.7 million, up from $5.5 million in 1968. Spending for equipment will be increased from $2.4 million this year to $5.5 million in '69; spending for road and property improvements will be increased from $3.1 million this year to $4.2 million.

MARKET OUTLOOK

CARLOADINGS

Loadings of revenue freight in the week ended Nov. 9 totaled 577,180 cars, the Association of American Railroads announced on Nov. 15. This was a decrease of 34,639 cars, or 5.7%, compared with the previous week; an increase of 7,899 cars, or 1.4%, compared with the corresponding week last year; and a decrease of 8,607 cars, or 1.5%, compared with the equivalent 1966 week. Ton-miles generated by carloadings in the week ended Nov. 9 are estimated at 15.3 billion, an increase of 4.7% above the corresponding week of 1967, and 5.2% above the 1966 week.

PIGGYBACK CARLOADINGS

U. S. piggyback loadings for the week ended Nov. 2 totaled 28,692 cars, carrying 47,637 trailers, compared with 26,114 cars, carrying 42,984 trailers, in the corresponding 1967 week. Loadings for 1968 up to Nov. 2 totaled 1,138,092 cars, carrying 1,854,492 trailers, compared with 1,020,324 cars, carrying 1,677,713 trailers, in the corresponding period of 1967.

SAUNDERS SEES UPTURN

Penn Central Chairman Stuart Saunders feels that the third quarter marked the low point in railroad traffic this year, particularly in the East; and he foresees a gradual improvement during the fourth quarter. Saunders made this statement as he announced that during the third quarter of 1968 the Penn Central railroad system had gross revenues of $405,033,660 compared with $393,914,259 in the third-quarter 1967. He said the gain was attributable primarily to the 3% rate increase that became effective June 24 and was "exceeded substantially by increased cost of labor, material and equipment." PC no longer reports railroad earnings, but the diversified company did report consolidated earnings of $15,229,000 for the third quarter, an increase of 48.6% over the comparable 1967 period. For this year's first 9 months, consolidated earnings were $52,238,000, up 23.6% over the preceding year. Saunders said that "in practically every quarter, there are substantial non-recurring items of net income."

FREIGHT-TRAIN CARS

• *Grand Trunk Western.*—Ordered 249 tri-level flat cars and 108 60-ft 9-in. box cars from Pullman-Standard.

• *Trailer Train.*—Placed orders for an additional 247 89-ft., 4-in. standard-level cars, bringing total orders since Jan. 1 to 5,392. ACF will supply 126 cars and Bethlehem 121. The TTX fleet had 48,464 cars in service or on order as of Nov. 1.

• *October bad order ratio same as last year.*—Class I roads on Oct. 1 owned 1,465,710 freight cars, 30,480 less than on Oct. 1, 1967, according to AAR report summarized below. Bad order ratio remained the same as on Oct. 1, 1967.

	Oct. 1, 1968	Oct. 1, 1967	Change
Car ownership	1,465,710	1,496,190	−30,480
Waiting repair	78,968	80,672	− 1,704
Repair ratio	5.4%	5.4%	0

SPECIAL

• *Department of Defense, Army Tank Automotive Command.*—Trailmobile Division of Pullman, Inc., is apparent low bidder on 1,750 container chassis, at a unit bid of $1,874.

• *Penn Central.*—Ordered 743 new multi-level racks for hauling new automobiles from assembly plants to distribution centers. The new equipment, to cost over $5,150,000 will extend PC's position as the world's largest carrier of new autos by rail. The new racks, mounted on 89-ft piggyback-type flat cars leased by PC from Trailer Train, are scheduled to enter service early next year.

• *Union Pacific.*—Purchased from International Harvester 16 International 2444 industrial tractors, 16 sidemounted 110 hydraulic mowers, and 16 rotary brooms.

NEW FACILITIES

• *Georgetown Railroad.*—Will install a 200-ton-capacity Railweight electronic coupled-in-motion weighing system at Georgetown, Tex. According to Railweight, a unique feature of the system will be a special printout capability providing such data as date, time of weighing, customer, load order number and weather conditions.

• *San Francisco Bay Area Rapid Transit District.*—Awarded a contract to Westinghouse Electric to supply 44 escalators for BART stations. The firm previously was awarded a contract for 49 escalators; together, the two orders are worth $4,300,000. Installation of escalators in the first group has begun at one station; installation of the second group is due to be completed in July 1970.

YOU OUGHT TO KNOW

NP Foundation scholarship program set up

Northern Pacific Railway Foundation is creating an extensive college-scholarship program, for sons and daughters of employees. Eight $1,000 scholarships will be awarded each year, and they will be renewable on a satisfactory-achievement basis. In addition, NP will give annual $500 grants to the schools attended by award recipients. Scholarship winners may pursue any field of study, and there's no post-graduation NP service commitment involved. NP President Louis W. Menk outlines the foundation's aims this way: "We cannot hope to keep pace with the demands for personnel with the abilities and training required in business and industry today without contributing substantially to the sources from which they will develop these skills through education. This is a new venture for us at NP—and the start of what we hope will become an increasingly productive force in support of higher education."

Soo Line shows gain in net income

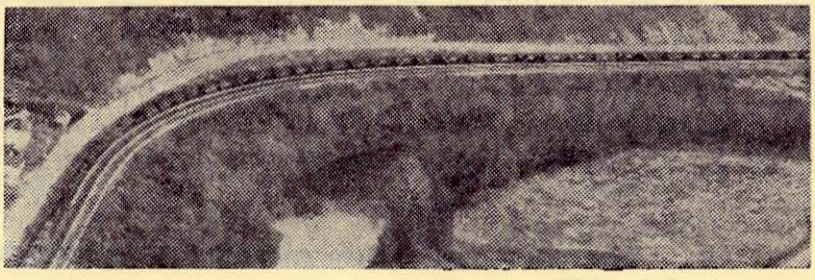
The Soo Line reported net income of $4,166,907 from railway operations for the three quarter period ended Sept. 30 against a deficit of $329,434 from railway operations in the first nine months of 1967. Consolidated net income for the three-quarter period this year was $4,303,-223 against a 1967 deficit of $193,567.

New railroad will serve Nickel Company

The International Nickel Company of Canada Limited will start production at its new Soab mine in northern Manitoba early next year with a 48-mile long railroad. The line links the Soab mine with the company's ore processing complex at Thompson and extends to the nearby Pipe mine which will open in 1970. At Soab, trains will be loaded by a 3,000-ton automatic ore bin capable of filling two cars simultaneously. The cars will be unloaded at Thompson by a rotating cradle at a rate of 30 cars per hour. Plans for the Pipe mine call for a 10,000-ton ore bin capable of filling five cars at a time.

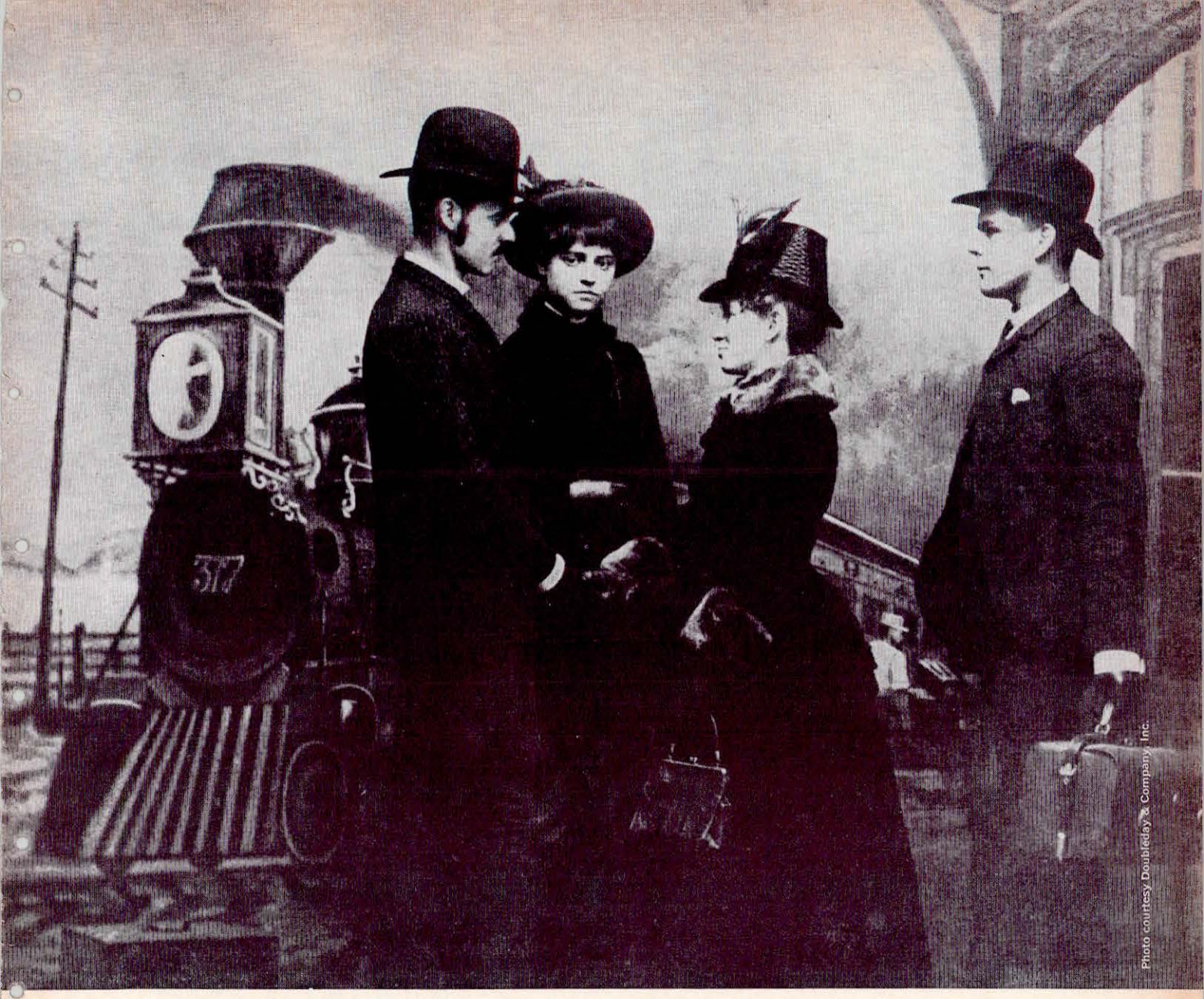
C&NW takes a step to fight water pollution

A seldom-noticed building and certain underground facilities at Chicago & North Western's Proviso, Ill., yards are getting quite a bit of attention now from sanitary-engineering experts. Reason: A North Western project represents one of the first efforts of its kind to remove diesel oils and other oils from waste water before it's released into public waterways. Officials of the Metropolitan Sanitary District of Greater Chicago, with whom C&NW cooperated in developing the project, have called it "an excellent example of what industry can do on its own initiative in fighting the battle of industrial water pollution." For North Western, this was a $353,000 project. The area around maintenance facilities was paved. Drains were strategically located to pipe wastes into an underground collection basin. Polluted waste water is lifted by pumps into a series of cleansing tanks in which, through chemical and mechanical processes, water and oils are separated. Cleansed water is released into the sanitary system; oils are accumulated in tanks and sold to salvage buyers.



Remote record

In 1967 N&W ran record-setting 500-car coal train; Locotrol radio remote equipment synchronized three SD-45 units 300 cars back with three in front. Equipment was incorrectly identified, p. 20, Oct. 21 issue.



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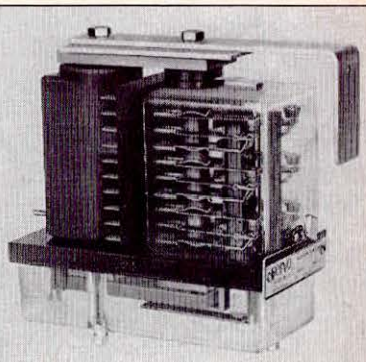

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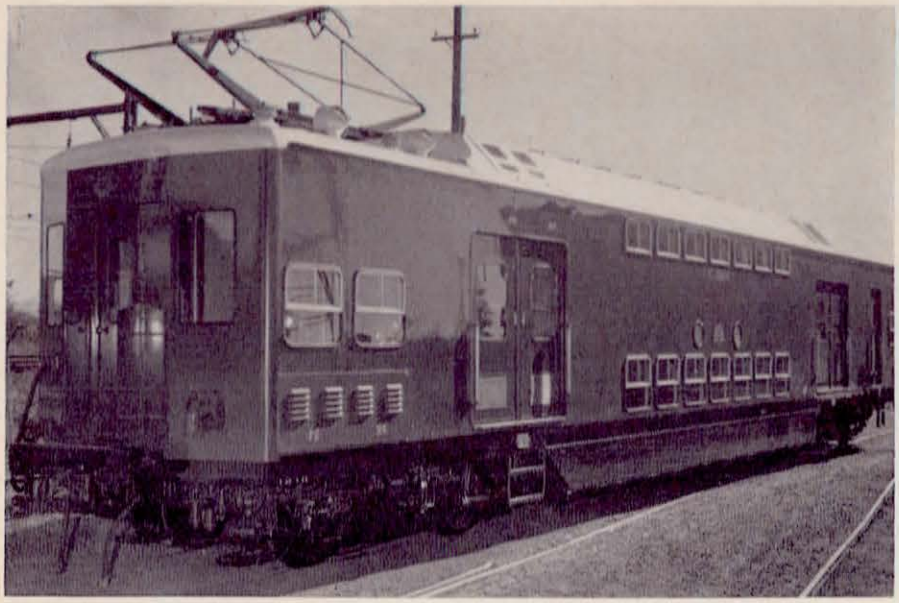

Double-deckers

Sydney, Australia

To the Editor:

I was interested to read in your issue of August 5 the article headed, "IC proposes bi-level electric M-U's" and it has occurred to me that you might like to know of recent developments on this System.

We are currently testing four double-deck power cars (see photograph) . . . . A contract has been let also for the construction of double-deck interurban cars which will be air-conditioned.

May I take the liberty of congratulating your publication on a consistently high standard of coverage of railway activities generally.

D. H. Watson
Secretary for Railways
New South Wales

Cold-blooded path

Harrisonburg, Va.

To the Editor:

Accept my sincere congratulations for your outstandingly excellent "Viewpoint" editorial in the September 23 issue (page 116). I am hopeful that this editorial marks a return by "Railway Age" to its former unchallenged position as the *conscience* of the railroad industry, and marks an end to its recent path as the apologizer for the industry.

My comments are made as a 30-year subscriber, as a former "rail" (who will *always* have cinders in his ears and valve oil in his veins), as an investor in railroad securities, and last but not least as one who is terrified at the short-sighted, cold-blooded path being followed by most managements today.

Nothing could be worse than nationalization of our railroads—and in my view it is much, much closer than many people realize. *C. Grattan Price, Jr.*

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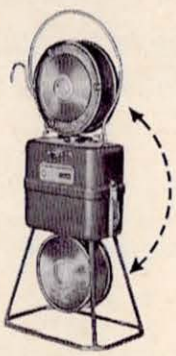

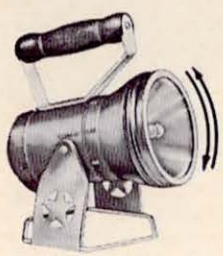

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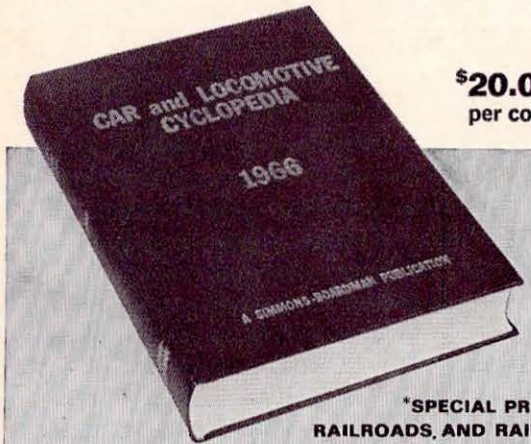

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VIEWPOINT

Does big spending mean that railroads are rich?

"Aha!" somebody is almost sure to say. "Would you look at that! All this time, the railroads been poor-mouthin'—and then you read that maybe they're spending more money next year than they did this year. How about that?"

Well, neighbor, how about that? Are railroads playing fast and loose with the facts, gaily spreading hundreds of millions of dollars around at the same time they're pleading poverty?

Or does the truth of the matter lie in a different direction? Is it not true that (1) present and projected budgets are stretching improvement-dollar availability to the limit, and (2) improvement programs are still, to a great extent, inadequate to the needs of today and tomorrow?

The record indicates that railroad capital expenditures this year may total about $1.5 billion, and that a noticeable increase may come in 1969. The record also indicates that this is *not* a great deal of money. These hundreds of millions of dollars will be spread thin—over motive power, freight cars, perhaps a few passenger cars, line and terminal improvements, communications network, signal-system improvements. One measure of the adequacy, or inadequacy, of the investment lies in the sometimes-quoted estimate that modernization of the fixed plant alone may require expenditure of $1.5 billion a year for the next 20 years. And *that* figure is a staggering one: If $1.5 billion a year were in fact spent for plant improvement and if present ratios between plant and equipment spending remained unchanged, the industry would be pouring money into capital projects at a rate of $6 billion per annum.

Perhaps the point is that figures are easy to throw around. Money isn't. It would be safe to say that for every dollar railroads are investing in capital programs, railroad managers *could* invest two or three dollars—if they only had those additional dollars. Anybody who doubts this has only to talk with departmental people who have just gone through a budget meeting, where the projects are measured against the availability of money. It can be, and sometimes is, a brutal thing to contemplate.

RATE OF RETURN IS LESS THAN IDEAL

It should hardly be necessary to point out that sources of investment capital are severely limited, and that the industry's meager rate-of-return is not confidence-inspiring. It should hardly be necessary to explain that current and projected investment levels don't reflect a healthy situation—that they do, in fact, reflect a rather unhealthy situation to those who regard the future with respect and concern. And these comments are included only because there will be some who say "Aha!"—some who will not recognize, or will not choose to recognize, the railroad-renewal problem as it really exists.

Capital-investment projections for 1969 are, in a way, encouraging. They indicate, at the very least, the industry's continued determination to make the most of what it has. The worrisome thing, as usual, is that "what it has" isn't enough. And the men who manage the industry's affairs are still facing the most agonizing of business decisions: How to maximize a minimum opportunity.

on guard

This is an enlarged photograph of the end of a pencil. Graphite is ideal for writing (its name even means "to write"), but it is soft and needs protection. Hence the invention of the pencil. Because of man's propensity for making mistakes, no pencil is considered complete without an added invention—the eraser.

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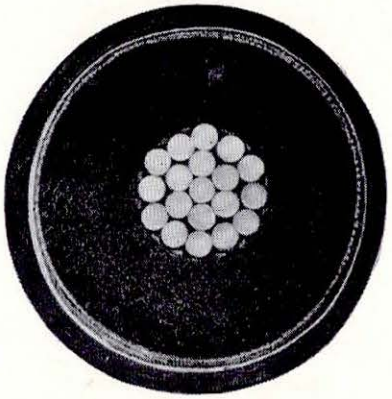

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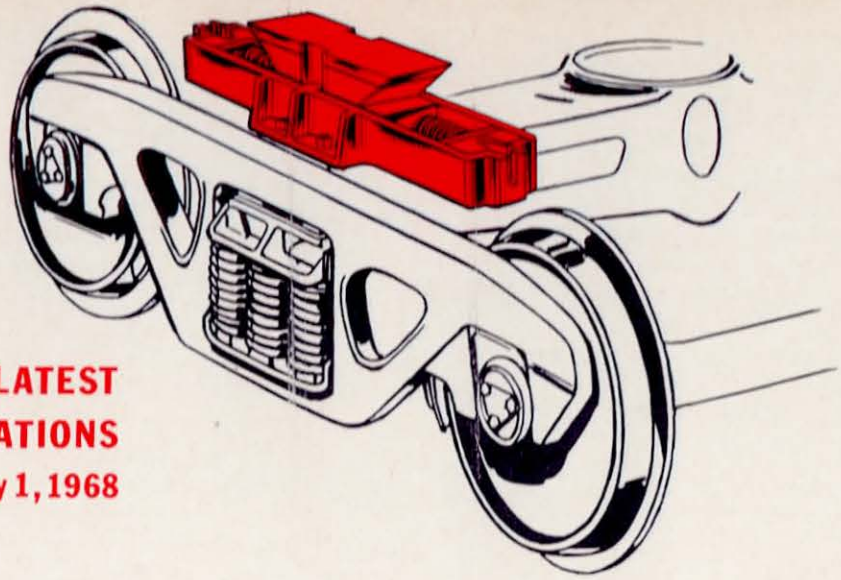

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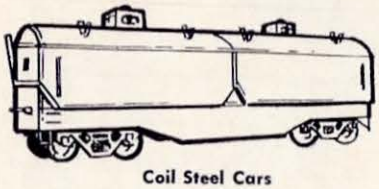

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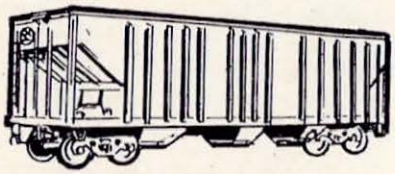

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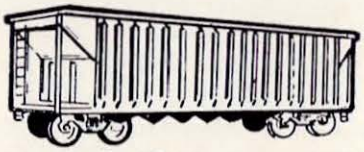

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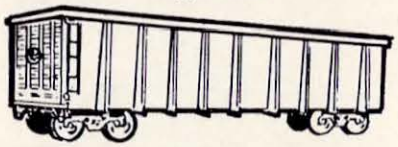

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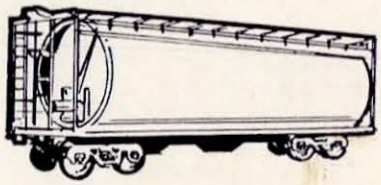

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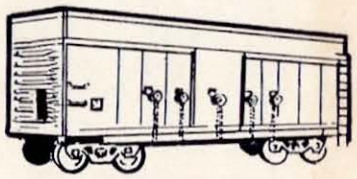

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